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8 AUGUST 1986

# West Europe Report

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8 AUGUST 1986

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## POLL SHOWS LOWER POPULARITY OF GOVERNMENT, OPPOSITION FIGURES

Brussels LA LIBRE BELGIQUE in French 23 Jun 86 pp 1-2

[Article by Guy Daloze and Andre Mean: "Political Class In State of Disfavor; Our 'LA LIBRE-Marketing Unit' Survey A Slap At Both Opposition and Majority"]

[Text] It is the Berezina, a rout, a collapse, a shipwreck, a licking: with only rare exceptions, and with some variations by region, the exclusive "LA LIBRE BELGIQUE-Marketing Unit" quarterly political poll this summer shows that Belgians are heaping scorn and disfavor on the entire political class, on the opposition as well as on the majority.

They are doing this because the government and the champions of the majority are no longer convincing after several months of lethargy, wavering, quarrels, badly calculated "leaks," and badly made or badly executed decisions. Because the opposition and its leaders have organized political strikes which disrupt and displease and present no credible alternative. Because the most recent months have given an irritating, grating, mediocre picture of the political microcosm.

## Politics Another Way

While continuing and expanding its spring discontent, public opinion does not necessarily wish for another type of politics, but does certainly call for politics conducted another way by other faces. And, we would reiterate, because the phenomenon is an odd one whether one is in the majority or one is fighting it, whether one's name is Wilfried Martens or Jose Happart, Gerard Deprez or Andre Cools, Jean Gol or Louis Michel.

## Fed Up

When our survey is analyzed in detail, we first notice the emergence of a large, wide-spread fed-up feeling toward the leading figures of the present majority, ministers (national, regional or municipal), or party men. One segment of opinion undoubtedly finds that things are not moving enough or not fast enough, another that the Val Duchesse measures are inadequate (grumbling by the "educational community" and the union world in general is causing damage), while a third segment finds that the government's plan is the umpteenth in an unending series which offers no really galvanizing prospects for

the future. Like a boomerang, the pre-election formula of "three-quarters of the road covered" is thrown back into the teeth of the majority and confidence in its men weakens.

Martens, Gol, Nothomb, Verhofstadt, Eyskens, De Croo, Michel, Deprez, Coens, Wathélet, Monfils: All these superstars get hauled over the coals. Maystadt, by pleasing everyone and his brother, retains his support, but only in Wallonia.

Spitaels, as a good, card-carrying, fairly moderate and realistic Socialist, is firmly entrenched as "Mister Wallonia" but collapses in Brussels, where the insurrection against the politicians is the greatest and the most spectacular anyway. Furthermore, the opposition does not escape from the carnage, since the "hard-liners" of Walloon socialism (Jose Happart, Andre Cools, Jean-Maurice Dehousse, Philippe Busquin) are paying for their May 86 pseudo-insurrection. However, in the Flemish wing of the Socialist Party, a Van Murt and a Tobback emerge somewhat better, in a Flanders where the grumbling is less evident anyway.

There is one pleasant oddity: Women are doing quite nicely (see the scores for Annemie Neyts, Miet Smet, Antoinette Spaak and Anne-Marie Lizin). Doesn't this fine result for the ladies also show that opinion hopes to see some new faces and listen to more exciting speeches?

#### Stability

On the other hand, and even if the majority loses its majority this time around in the country's three regions, even if confidence in the government is at its lowest level (one Belgian out of four...), there are few significant shifts in the ways people intend to vote: Shifts do not exceed 2 points.

The political currents remain stable, the Christian Socialists--who would have dared predict otherwise--lose votes in Wallonia, Flanders and Brussels, but no spectacular losses are at stake, the Liberals hold steady in the three regions and sometimes even advance slightly, the French-speaking Socialists benefit neither from the strikes nor the opposition, while the rise of the Flemish wing of the Socialist Party continues and the Ecological Parties are paying for their disagreements.

#### Boos

So what? Well, at this time of soccer figures of speech, our poll shows that the fans are still devoted to their team but that they boo disappointing, awkward, unmotivated, and uninspiring players who cheat them out of a good match.

In political terms, then, our poll looks forward to change as well as composure, reinvigoration and an in-depth change in the government (inasmuch as the opposition's alternative is scarcely convincing, on the French-speaking side, at least). And, above all else, it calls for a new style in politics which will offer new horizons.

Poli: Summer Public Opinion Poll--Major, Wide-Spread Fed Up Feeling About Leading Majority As Well As Opposition Figures

The Way People Intend to Vote

[Question] If there were legislative elections next Sunday, which party would you vote for?

Fewer Undecided

	March 86		June 86		
	Country		Flanders	Wallonia	Brussels
Those answering	69	76	79	71	75
Those not answering	31	24	21	29	25

A good response rate may be noted, decidedly higher than earlier ones (an increase of 7 percent). If, as we shall see, Belgians are not happy, this time they are not bashful about saying so....

Wallonia: Few Changes

	<u>June 86 poll</u>	<u>March 86 poll</u>	<u>October 85 poll</u>
Socialist Party	39.2	39.5	39.4
Liberal Reform Party	23.0	23.1	24.2
Christian Social Party	21.1	22.9	22.6
Walloon Ecological Party	6.0	6.4	6.2
Others	10.7	8.1	7.6

This may be surprising, but there are few meaningful differences in Wallonia, where the shifts are hardly major. We do, of course, take note of some small shifts (a very slight Socialist decline of 0.3 points because the Socialist Party's political strikes have displeased some, a relative status quo for the Liberals, a loss--predictable--for the Christian Social Party which, owing to its teachers and Dr Damseaux, loses close to 2 points compared to the previous poll, a crumbling of the Walloon Ecologists (who are split)), but there is nothing spectacular. Unless it would be the increase by "others" (Communists, SeP, the Democratic Union for the Respect of Labor, "Walloon," "New Ecologists," French-speaking Front...) which all together collect close to 11 percent (while individually failing to cross the credibility threshold of 2 percent), which shows both confusion and bad humor. The Liberal Reform Party-Christian Social Party "majority" no longer enjoys a majority: 44.1 percent of the votes as against 46 in March and 46.8 in the elections.



## Flanders: There the Socialist Party Is Again

	June 86 poll	March 86 poll	October 86 poll
Christian Social Party	32.0	33.8	34.6
Socialist Party	26.4	24.2	23.7
Freedom and Progress Party	17.9	18.0	17.3
People's Union	11.8	12.0	12.7
Flemish Ecological Party	6.8	6.3	6.1
Others	5.1	5.7	5.6

Some interesting observations may be made in Flanders. Despite the strikes --which to be fair, were less serious in Flanders--the Flemish Socialists continue their upward movement and even broaden it (+2.2), at the obvious expense of the Christian Social Party, which loses almost 2 points and continues the downward trend observed in the earlier poll. It is the Flemish Christian Socialists who are suffering from the Val Duchesse measures and not the Liberals, who continue their (small) March progress: Is the Christian Social Party losing on its right and on its left at the same time?

The trend towards disintegration which has been observed within the People's Union for some months continues, while the trend of the Flemish Ecological Party continues as well. And the poor showing of "others" demonstrates that, as opposed to the Walloons, Flemish voters are not scattering their votes very much.

For the first time, the Christian Social-Freedom and Progress Party majority no longer enjoys a majority in Flanders. By just one-tenth of a percentage point (49.9 percent), to be sure, and within the limits of a survey, but the warning is clear.

## Brussels: Resistance

	June 86 poll	March 86 poll	October 85 poll
Liberal Reform Party	19.0	18.8	19.7
Flemish Christian Social Party	13.9	14.5	14.6
French Socialist Party	12.1	11.5	11.3
Flemish Socialist Party	9.3	8.7	8.7
Freedom and Progress Party	9.1	8.7	8.0
French Christian Social Party	6.9	7.2	7.0
Ecological Parties	5.2	6.9	6.3
People's Union	6.7	6.1	6.4
French-speaking Front	6.0	6.2	8.3
Others	11.8	12.3	9.7

Lastly--and this is traditional--it is in Brussels that the majority is putting up the best resistance, whether there are very meaningful or "vivid" shifts. The Liberals (the Liberal Reform Party as well as the Freedom and Progress Party) make slight gains while the Christian Socialists (the Flemish as well as the French Christian Social Parties) decline by the same proportion, which could mean a small transfer of clientele.

The French wing of the Socialist Party picks up what it had lost in March, the Flemish wing of the Socialist Party continues its regular rise, the French-speaking Front continues its plunge to the bottom (and today is less important than...the People's Union), and the Ecological Parties are badly paying for their splits and Olivier Deleuze's departure.

The Liberal/Christian Social majority still garners 48.9 percent of votes in the capital. But it can be noted that it is no longer in the majority in any of the three regions.

#### Politicians' Popularity

[Question] For each one of the following figures, would you tell us if you wish to see him or her exercise major political influence in the coming months?

Forty-four names were mentioned to the people questioned throughout the country:

Vic Anciaux, Philippe Busquin, Willy Claes, Georges Clerfayt, Daniel Coens, Andre Cools, Andre Damseaux, Herman De Croo, Francois de Donnea, Jean Defraigne, Jean-Luc Dehaene, Jean-Maurice Dehousse, Paul De Keersmaecker, Gerard Deprez, Patrick Dewael, Daniel Ducarme, Mark Eyskens, Gaston Geens, Jean Gol, Michel Hansenne, Jose Hapart, Anne-Marie Lizin, Wilfried Martens, Philippe Maystadt, Louis Michel, Philippe Monfils, Anne-Marie Neyts, Roger Nols, Charles-Ferdinand Nothomb, Edouard Pouillet, Hugo Schiltz, Henri Simonet, Miet Smet, Antoinette Spaak, Guy Spitaels, Frank Swaelen, Leo Tindemans, Louis Tobback, Robert Urbain, Luc Van-Den Brande, Karel Van Miert, Eric Van Rompuy, Guy Verhofstadt, Melchior Wathelet.

The following names were added to last spring's list: Messrs Damseaux, De Keersmaecker, Ducarme, Pouillet and Madame Lizin. The following names were taken off the list: Messrs Knoops, Philippe Moureaux and Thijs.

We should repeat that all the names on the list are quoted one after the other to those questioned. By saying "yes" or "no," those questioned are asked to indicate whether they want the figure to exercise major responsibilities in the coming months.

Thus we see that 45 percent of Belgians want Mr Martens to keep on leaving his imprint on political life in the coming months.



# Nation As a Whole: Decline of Martens...And His Supporters

	Winter 1985	Spring 1986	Summer 1986	Difference
Martens	50	48	45	-3
Tindemans	40	38	36	-2
Van Miert	33	30	32	+2
Eyskens	36	34	31	-3
Claes	34	33	29	-4
De Croo	32	30	26	-4
Greens	25	23	24	+1
Verhofstadt	21	24	21	-3
Schiltz	23	20	20	-
Neyts	18	20	20	-
Swaelen	22	21	20	-1
Anciaux	21	19	19	-
Tobback	19	18	18	-
Spitaels	16	17	17	-
Maystadt	19	19	17	-2
Coens	21	20	16	-4
Dehaene	19	17	16	-1
Smet	not recorded	not recorded	15	*

As early as last spring one could sense that Mr Martens was dropping in the wake of the bad, slow start up of his new team. Today, 3 months later, this fall is becoming more rapid and there is currently a 5 percent gap between winter '85 (the elections) and summer '86 which can be blamed on the prime minister.

All the leading figures of the Christian Social Party are declining. No one really emerges as a possible successor to Mr Martens. Between the prime minister and Mr Tindemans there is still a gap of almost 10 points. Messrs Eyskens and Coens lose as much as the prime minister, while Mr Dehaene does not attract interest.

There is no joy among the Liberals either. "Annemie" holds on to her position, but her two main like-minded colleagues, Verhofstadt and De Croo, are certainly going down.

Mr Van Miert is the only one winning back a bit of territory, and it is another Socialist, Guy Spitaels, who, instead of Mr Maystadt, is becoming the most prominent, national French-speaking figure. But he does not gain a single extra point....

# Wallonia: Catastrophe For Martens, Gol and Many Others

	Winter 1985	Spring 1986	Summer 1986	Difference
Spitaels	37	40	40	-
Maystadt	34	37	37	-
Martnes	38	37	31	-6
Happart	30	29	26	-3
Wathelet	30	29	25	-4
Dehousse	30	29	25	-4
Cools	27	27	24	-3
Gol	31	30	24	-6
Lizin	not recorded	not recorded	24	*
Deprez	29	26	19	-7
Tindemans	22	22	19	-3
Spaak	not recorded	not recorded	19	*
Busquin	24	23	19	-4
Monfils	24	25	18	-7
Hansenne	not recorded	22	18	-4

Just after the elections, when our survey was conducted in early December 1985, Wilfried Martens had taken over the enviable title of "Mister Wallonia." Since then, the prime minister has lost 7 points. He has suddenly just recorded a spectacular plunge of 6 percent in our summer poll. His delaying tactics and his Val Duchesse decisions are held against him.

Mr Spitaels, who last spring had won back his crown, does not improve his standing but does not lose any points.

Other, more aggressive Socialists such as Dehousse, Cools, Happart or Busquin are not harvesting the fruits of their going into the street. Might public opinion be more favorable towards a management-style Socialist like chairman Spitaels? As for Anne-Marie Lizin, who enters our picture, she immediately convinced one-quarter of those surveyed, which is a good score for a woman member of a European parliament. Clearly public opinion does not hold her Algerian "escapades" against her.

In the Christian Social Party, Mr Maystadt, who has stayed strong in the background, still projects the same image of a strong, conciliatory man, skillful at getting along with everyone. However, for chairman Deprez, who is paying for teachers' anger, it is literally the Berezina. Messrs Wathelet and Hansenne each lose 4 points and Mr Nothomb (22 in the spring) no longer shows up on the chart: He is under the lower limit of 17 points.

Among the Liberals, there can be no cry of victory either. No more than two of their representatives are on the chart: Mr Gol, who loses 6 points, like the prime minister, and Mr Monfils, who drops 7 points (owing perhaps to his overly Manichean attitude towards the audiovisual file?). Chairman Michel (23 points in the spring) vanishes, as does the chairman of the Chamber, Mr Defraigne (25 points in March).

Mrs Spaak, most curiously, garners the support of 19 percent of Walloons....

# Flanders: Verhofstadt and Coens Swallowed Up

	Winter 1985	Spring 1986	Summer 1986	Difference
Martens	58	56	54	-2
Van Miert	53	50	52	+2
Tindemans	54	51	50	-1
Eyskens	54	54	50	-4
Geens	41	40	42	+2
Claes	44	41	40	-1
Schiltz	40	35	35	-
Anciaux	38	32	33	+1
Verhofstadt	36	39	33	-6
De Croo	38	37	33	-4
Neyts	29	33	33	-
Swaelen	36	34	33	-1
Tobback	32	30	32	+2
Coens	36	35	30	-5
Dehaene	30	28	28	-
Smet	not recorded	not recorded	28	*

In Flanders, Mr Martens' decline is less perceptible than in Wallonia. He loses only 2 points. Mr Tindemans remains the imperturbable number two Christian Socialist, but Mr Eyskens is in clear decline. The big loser is Mr Coens, the (Dutch-language) Minister of National Education who must also face the teachers' wrath.

Messrs Van Miert and Tobback pick up some ground previously lost and show that the Socialist Party is having another go at things in Flanders inasmuch as there appears to be 300 percent more today than there was at the time of the October 1985 elections.

The Flemish Liberals are not "kidding around" either, given the fact that Mr Verhofstadt loses 6 points and Mr De Croo 4. Is the fact that they went too far at Val Duchesse being held against them or, on the other hand, is it because they did not go deep enough?

Mrs Miet Smet does very nicely by attracting the support of 30 percent of the Flemish despite statements which are occasionally a **bit** daring, particularly on abortion. In any event, it appears that she is a woman who will be around for a long time to come.

Brussels: Everyone Drops

	Winter 1985	Spring 1986	Summer 1986	Difference
Martens	49	45	39	-6
Gol	38	34	29	-5
Tindemans	28	27	25	-2
de Donnea	25	26	24	-2
Nols	24	21	24	+3
Spaak	24	23	24	+1
De Croo	29	28	23	-5
Maystadt	28	28	22	-6
Simonet	31	28	21	-7
Lizin	not recorded	not recorded	17	*
Eyskens	26	26	17	-9
Spitaels	26	26	17	-9
Van Miert	23	21	16	-5
Michel L.	24	21	16	-5
Monfils	not recorded	22	14	-8
Nothomb	19	17	13	-4
Verhofstadt	not recorded	18	13	-5
Claes	24	21	13	-8
Cools	22	19	13	-6
Defraigne	not recorded	18	11	-7
Wathelet	19	19	11	-8

In Brussels, Messrs Martens and Gol, who had been compiling astonishing scores for quite some time, are experiencing a "cool down" which really does serve as a test and a warning. Gentlemen, we put our confidence in you and you have disappointed us.

In every party of the majority there is a near rout: De Croo (-5), Maystadt (-6), Wathelet (-8), Simonet (-7), Michel (-5), Verhofstadt (-5), Nothomb (-4), Eyskens (-9). Mr Deprez, who had 18 points in the spring, dips below the 10 percent limit. Mrs Neys (17 points at least) dips below the same limit.

Leading Socialist figures do no better and their cause attracts worse electoral support with Guy Spitaels' loss of...9 points (!). Willy Claes loses 8 points, Van Miert 5, Cools 6.

There is a real feeling of disgust towards the leading majority as well as opposition political figures. Only Mrs Spaak (+1) and Mr Nols (+3), who are typical Brussels figures, show an increase. This may vaguely mean a call for something else even if, in the second case, it is rather disturbing.

## Belgians' Concerns

Government: the Worst!

[Question] In order to solve the problems Belgium currently faces, do you have confidence in Mr Martens' government or not?

### Country as a whole

Do have confidence	7
Some confidence	19
Not much confidence	17
No confidence	28
No opinion	29

When we compare this with previous polls, we get the following:

	<u>Summer</u> <u>1986</u>	<u>Spring</u> <u>1986</u>	<u>Winter</u> <u>1985</u>	<u>Fall</u> <u>1985</u>	<u>Summer</u> <u>1985</u>	<u>Spring</u> <u>1985</u>	<u>Winter</u> <u>1984</u>	<u>Fall</u> <u>1984</u>	<u>Summer</u> <u>1984</u>
Confidence	26	29	45	37	39	34	36	31	33
No confidence	45	40	33	37	36	37	37	39	40

As early as March, the government's support rate was the worst on record since our survey began. What can we say today, except that summer, strikes, Val Duchesse measures, indecision and the constant setting up of commissions have been turned into the most negative verdict: Only one Belgian out of four now has confidence in Martens VI, who will have a lot on his hands if he is to reverse this trend!

[Question] In your opinion, to which actions should the government give the highest priorities today?

	<u>Summer</u> <u>1986</u>	<u>Spring</u> <u>1986</u>	<u>Winter</u> <u>1985</u>	<u>Fall</u> <u>1985</u>	<u>Summer</u> <u>1985</u>	<u>Spring</u> <u>1985</u>
Fighting unemployment	77	78	79	79	79	79
Cutting taxes	59	62	60	62	61	61
Fighting price increases	50	57	57	58	58	57
Combatting violence and lack of security	41	44	47	38	38	35
Working towards social peace	34	25	28	26	27	27
Improving education	26	25	26	30	26	27
Solving the problem of immigrant workers	25	27	23	25	25	25
Finding a final solution to the linguistic problem	20	21	26	31	27	29

Strikes clearly had an influence on our survey: The major problem for Belgians is "working towards social peace," which goes up by 9 points all at once. And the least urgent problem is a solution to linguistic problems, which reaches the lowest level recorded by our survey.

Unemployment remains a major problem which needs much attention, while oddly enough education scarcely excites people. Taxes are less a concern, and so are price increases (have these been less noticeable since the brakes were applied to inflation and a reduction was made on oil expenditures?).

This survey was conducted at the request of LA LIBRE BELGIAUE during the period of 9-17 June 1986 by 57 researchers from Marketing Unit, a firm specializing in market surveys and opinion polls, with a sampling of 2,219 Belgians 18 years of age and up, selected on the basis of sex, age and social class (margin of error:  $\pm 2.1$ ).

Nine hundred people in Flanders, 821 in Wallonia and 498 in Brussels-Hal-Vilvorde were interviewed personally.

The results were weighted according to the relative sizes of the regions in the country.

Affiliations: ESOMAR, FEBELMAR.

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CSO: 3619/56

## SDP LEADERSHIP SEEN UNEASY WITH JORGENSEN NUCLEAR STAND

Copenhagen BERLINGSKE TIDENDE in Danish 21 Jun 86 p 10

[Editorial: "When the Ball Rolls"]

[Text] It turned out as one might have expected. Once again Anker Jorgensen said something without thinking much about what his words really meant. His flat unqualified assertion that the Social Democrats would oppose nuclear weapons on Danish soil in peacetime, wartime or times of crisis should not be taken literally. There has been no change in Social Democratic policy which is still based on working to avoid having nuclear weapons on Danish soil under all conceivable circumstances.

Before those who listened to the words of the former prime minister--and of course people do listen to the leader of the opposition--realized that he did not mean what he said, there was an unpleasant interlude. The prime minister was amazed because he saw in the statement the announcement of an initiative that would jeopardize the credibility of our relationship to NATO. From abroad the foreign minister sent home a sharp commentary that more than hinted that a Folketing election might be imminent. And the leftist parties had stars in their eyes at the prospect of getting the Social Democrats to back a resolution that would overturn the country's foreign and security policy. However there was no substance to what some perceived as a threat and others as the fulfillment of a lovely dream. While Anker Jorgensen crossed the sea to attend the international socialist congress, the party leaders who stayed at home bustled around telling us that the whole thing was a misunderstanding. Anker Jorgensen did not mean anything beyond what the party has already said. The party stands behind the Folketing resolutions that have already been passed, it does not want any new ones and it will not go along with the idea if the left wing takes the initiative and presents new resolutions.

The episode is characteristic because it shows once again that Anker Jorgensen's spate of words cannot be kept within a framework that would prevent misunderstandings. But that does not mean that is is unimportant. The reactions of the government parties as well as the left wing demonstrated once more that the nation's security policy currently rests on a weak foundation and that nerves are exposed on the slightest provocation. On one side



we have a government that fully supports NATO membership but has had to come to terms with a chain of resolutions passed by a majority that questions the consequences of that membership. On the other side we have a left wing that is trying to entice the Social Democrats to go along with it in a final showdown with the government parties. And in the middle the Social Democrats are voicing a policy that endorses NATO but constantly approaches the point where membership is undermined.

We will not have an election just because Anker Jorgensen uses words that do not express his party's ideas. But as in soccer the ball may accidentally end up between the goalposts.

6578

CS0: 3613/158

## SDP PARLIAMENT MEMBER SEES CHANCE FOR SF MINORITY GOVERNMENT

Copenhagen BERLINGSKE TIDENDE in Danish 26 Jun 86 p 12

[Editorial: "Redder and Redder"]

[Text] The prospects for the future are assuming an increasingly red hue. So far the speculations concerning a government change have been based on the idea that the voters will accept a government formation consisting of the Social Democrats and the Socialist People's Party [SF]. But lately people have been saying that after the next election the Socialist People's Party might form a government on its own. With Gert Petersen as prime minister, no doubt!

One of those heralding this amazing government formation is Social Democratic Folketing member Karl Hjortnaes. It is true that he is not one of the leaders of the party, although he has served in several different cabinet posts, but even so. He is hardly the only member of the Folketing group to hold the belief he has expressed openly. His view is that we must rule out the possibility that the Social Democrats will form a government unless they make some gains. The election might result in a red majority and the Social Democrats would make up the largest part of that majority. But the Social Democrats will not name a prime minister or members of a red cabinet unless the party moves ahead. If the Socialist People's Party is the only one to win seats, while the Social Democrats have to be content with the status quo or a decline, the Social Democrats would rather have SF form a government on its own. Karl Hjortnaes said he would not find it hard to give his approval to such a government.

Of course Karl Hjortnaes is saying this because he is afraid the SF people will run off with the votes. He would like to have a red majority--and he is probably more enthusiastic about this than a lot of other people in the party--but he wants to prevent SF from being responsible for the majority. He wants his wish to be fulfilled on the basis of increased voter support for the Social Democrats. He is probably also counting on the fact that a straight SF government in the absence of gains for his own party would enable the Social Democrats to take over the role SF has played in relation to the Social Democrats. In the past the Social Democrats have suffered from the ability of SF to outdo them in policy and agitation. A straight SF

government would open the way for a Social Democratic policy of overbidding that could strengthen the party.

It is hard to take this flight of fancy really seriously in the summer heat. Is it conceivable that the Socialist People's Party would be prepared to form a minority government even if it had the backing of a red majority? Can we believe that Gert Petersen would jump at this chance? He could get out of it by showing that it is the Social Democrats who don't want to seize the opportunity when they have a red majority. Those who are interested can continue these speculations during the vacation season. And they will probably also consider the point that it is by no means certain that the voters will want a red majority, whether it is created by the Social Democrats or the Socialist People's Party. The anticipated victory has not been won yet.

6578

CSO: 3613/162

## POLL DETECTS CONTINUED ADVANCE BY SOCIALIST PEOPLE'S PARTY

Copenhagen INFORMATION in Danish 23 Jun 86 p 3

[Unattributed article: "Social Democrats Hit New Low in Poll"; first paragraph is INFORMATION introduction]

[Text] The government parties have a voter support level of 42 percent while the left wing has the backing of 48 percent of the voters.

The Social Democrats would get only 29 percent of the votes if we had an election now, the party's lowest rating in 10 years. On the other hand the Conservatives rose to 25 percent and are now only 4 percentage points behind the Social Democrats, according to an opinion poll conducted by Vilstrup for POLITIKEN SONDAAG.

According to Vilstrup the government parties received a combined rating of 42 percent while the left wing, the Social Democrats, the Socialist People's Party [SF] and the Left-Socialists [VS] had the support of 48 percent of those asked. That is a decline of 2 percent compared to the last opinion poll in May, when the left wing had a 50 percent support level.

If the government decides to call an election based on the issue of compulsory profit sharing, the left wing plus the Radical Liberals could constitute a majority.

SF continued to gain and now has a 17 percent support level compared to 16 percent in May. With the exception of the Social Democrats, SF and the Conservatives, only minor changes in opinion were noted compared to the May survey.

Vilstrup's poll was carried out on Thursday, 19 June.

## Vilstrup Results

The three columns in the table below show the election results from 10 January 1984, the voter index from 20 May 1986 and the latest index from 19 June 1986.

<u>Political Party</u>	<u>Jan 84</u>	<u>May 86</u>	<u>Jun 86</u>
Social Democrats	31.6	32	29
Radical Liberals	5.5	5	4
Conservatives	23.4	22	25
Single-Tax Party	1.5	1	1
Socialist People's Party	11.5	16	17
Green Party	0.0	1	1
Danish Communist Party	0.7	1	1
Center-Democrats	4.6	4	3
Christian People's Party	2.7	1	2
Liberals	12.1	12	12
Left-Socialists	2.6	2	2
Progressives	3.6	3	3
Others	0.1	0	0
Total	100.0	100	100

6578

CS0: 3613/162

## POLL: ELECTION NOW COULD BRING LEFTIST COALITION

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jun 86 pp 1, 7

[Article by Thorkild Dahl: "Poll Shows Left-Socialists Could Ensure Red Majority"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] A Folketing election now would give the Social Democrats and the Socialist People's Party [SF] 84 seats compared to 82 for the government parties and the Radical Liberals. The Left-Socialists [VS] have risen above the cutoff barrier for the second time this year and their four seats could ensure a slim labor majority.

The voters are sending Folketing on summer vacation with a slim red majority in which the Social Democrats and SF must not only reach internal agreement but also base a red cabinet on VS which, on the edge of the cutoff barrier, is close to breaking up due to internal conflict over the party's position on a labor majority.

SF is still carrying the left forward to a red cabinet, while according to Gallup the Social Democrats remain unchanged. SF has gained strength and now has half as many potential seats as the Social Democrats.

Gallup sampled voter opinion at a time when the political debate has once more focused on the prospect of an early Folketing election in the fall, but Prime Minister Poul Schluter (Conservative) could celebrate the fact that he is the nonsocialist prime minister who has held the office longest since the days of Liberal Niels Neergaard in the early 1920's.

Prior to the summer recess Poul Schluter warned the Social Democrats against gambling on a fall election and Radical leader Niels Helveg Petersen backed the government, exhorting: "Think in long-range terms. There is a year and a half to go before the next Folketing election; let's tackle the problems that arise."

The Gallup poll published today in BERLINGSKE SONDAG shows that the voters would re-elect all the parties now in Folketing with the exception of the one-man Free Democratic Party.

Table 1. Distribution of Folketing Seats

<u>Party</u>	<u>Poll</u>	<u>1984 Election</u>
Social Democrats	56	56
Radical Liberals	7	10
Conservatives	44	42
Socialist People's Party	28	21
Center-Democrats	5	8
Christian People's Party	5	5
Liberals	21	22
Left-Socialists	4	5
Progressives	5	6

Table 2. Political Index

Question: "Which party would you vote for if we had a Folketing election tomorrow?" Poll conducted in the period 17-30 May. Answers in percentages.

<u>Party</u>	<u>10 Jan 1984</u>	<u>Jan 1986</u>	<u>Feb 1986</u>	<u>Mar 1986</u>	<u>Apr 1986</u>	<u>May 1986</u>
Social Democrats	31.6	30.1	29.6	31.7	31.1	31.0
Radical Liberals	5.5	4.0	4.8	3.4	5.5	3.8
Conservatives	23.4	26.4	27.0	25.9	24.3	24.6
Single-Tax Party	1.5	--	--	--	--	--
Socialist People's Party	11.5	14.6	13.6	15.6	15.0	15.4
Green Party		--	--	--	--	--
Humanist Party		--	--	--	--	--
Int. Socialist Workers	0.1	--	--	--	--	--
Communists	0.7	--	--	--	--	--
Marxist-Leninist Party	0.0	--	--	--	--	--
Center-Democrats	4.6	2.6	4.1	3.0	3.5	3.1
Christian People's Party	2.7	2.1	2.1	--	--	2.6
Liberals	12.1	13.2	12.3	12.3	11.2	11.6
Left-Socialists	2.7	--	2.1	--	--	2.1
Progressives	3.6	--	--	2.5	3.7	3.0
Other parties*		7.0	4.4	5.6	5.7	2.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

\*Parties with less than 2 percent of the votes

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6578

CSO: 3613/158



## CP PARLIAMENT CANDIDATES FROM YOUNGER GENERATION

Copenhagen INFORMATION in Danish 19 Jun 86 p 3

[Text] The Danish Communist Party will have five new leading candidates in the next Folketing election. The sixth leading candidate comes from the party's "old guard," namely party chairman Jorgen Jensen.

The Danish CP has not been represented in Folketing since the 1979 election due to the fact that the party has been unable to pass the 2 percent cutoff barrier.

The party's new leading candidates all belong to the younger generation. One of them is the chairman of the Horsens branch of the Semiskilled Workers' Union, Ole Sohn, who has been mentioned as the most lik-ly successor to Jorgen Jensen when he resigns the chairmanship, which might happen this fall.

The other new leading candidates are Bernard Jeune, former chairman of the Young Doctors' Union, Frank Aaen, political editor of LAND OG FOLK, Trille Bodtcher Hansen, a member of the Pedagogical Assistants' Union executive committee, and Rita Sorensen from the Union of Retail Business and Clerical Workers.

The nomination of Danish CP candidates was approved at the party's central committee meeting on Sunday, central committee special secretary Hans Kloster told RITZAUS BUREAU.

Danish CP chairman Jorgen Jensen told LAND OG FOLK Wednesday that one of the important points for the party now is to participate actively in the debate on a labor majority and that the Danish CP congress in October will concentrate on the discussion of a labor majority.

6578

CSO: 3613/162

## MP'S DEFECTIONS SEEN CREATING DIFFICULTIES FOR LEFT SOCIALISTS

Paper: More Will Follow

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jul 86 p 1

[Article by Carl Otto Brix and Per Lyngby: "SF: VS Is Finished"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Anne Grete Holmsgard and Jorgen Lenger have resigned from VS [Left Socialist Party]. Former Folketing member Preben Wilhjelm says that if the Left opposition retains power he is through in the party.

"The Left Socialists must be finished." That was the immediate reaction of SF [Socialist People's Party] chairman Gert Petersen to the announcement that Folketing members Anne Grete Holmsgard and Jorgen Lenger have left VS and applied for membership in SF. Gert Petersen commended that application.

The announcement of the two defections came yesterday, and the reason was that the group "Red Realists" to which the two belong had not got people high up on the candidate list. VS will not accept the positive line, which Holmsgard and Lenger favor, for obligatory surplus distribution.

There is no doubt that others will follow them out of the party, but former Folketing member Preben Wilhjelm says that Holmsgard and Lenger have been too impatient. He believes that the present leadership is sectarian and says that if the so-called Left opposition retains power he is through with the party. Another former Folketing member Steen Folke says that something radically positive must happen at the fall congress before he will believe in the party's future.

## 'Red Realists' Disappointed

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jul 86 p 5

[Article by Carl Otto Brix: "VS Disrupted: Two Folketing Members Resign"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Folketing members Anne Grete Holmsgard and Jorgen Lenger do not believe that VS can be a realistic cooperative partner in a labor majority.

"Don't bother me with beets and cabbage, now I would rather spear eels."

With this little nonsense by Halfdan Rasmussen, MPs Anne Grete Holmsgard and Jorgen Lenger yesterday resigned from the party to which they have belonged for 10 and 17 years respectively: the Left Socialist Party.

In other words they have not lost their sense of humor, but only the belief that they could turn the party into a "committed, visionary and realistic cooperative party in a coming labor majority."

#### 'Red Realists' Without Backing

The so-called top 20 within the party--meaning the members' list of their favorites among the Folketing candidates--shows that the "Red Realists", to which the defectors belonged, have not gained sympathy among the party members. It is the traditional VS positions, represented by MPs Keld Albrechtsen and Elisabeth Bruun Olesen, which won.

That is one of the drops that caused the cup to run over. The other is that the two did not get backing for an endorsement to the proposal for obligatory surplus distribution, which the Social Democratic Party [SDP], SF and RV [Radical Liberal Party] had arrived at.

They believe that this was one of the issues on which VS could have demonstrated its good will.

#### Guest Without Thoughts of Revolt

During the press conference yesterday at Christiansborg with cool white wine it was not Anne Grete Holmsgard's and Jorgen Lenger's presence which attracted the most attention, but on the contrary, their fellow group member Steen Tinning's.

Steen Tinning believes that the two former fellow group members should turn over their seats to their replacements, but they do not have that in mind.

#### Seek Membership in SF

After a period of independence they will seek membership in the SF Folketing Group. They say it is not to maintain their political careers. In SF, in order to be nominated one must be a member for one year. The party nominates candidates in the fall, and the choice is valid for two years. Anne Grete Holmsgard and Jorgen Lenger will not seek dispensation.

#### Party's 'Most Gifted' MP's

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jul 86 p 5

[Article by Carl Otto Brix: "VS's Farewell to the Folketing"]

[Text] The farewell from the two most gifted of VS members of the Folketing probably also means farewell to VS representation in the Folketing.

The party will of course live on as a mixture of leftwing groups--it has itself peeled off a few of them previously--but the political influence which is given to the party by election to the Folketing will be finished in the next election.

That puts a period to the end of a motley political history, for which the youth riots of the sixties fired the starting gun.

Even the founding was dramatic. SDP tried in 1968 to use the red majority together with SF to introduce an income policy, but SF splintered, the majority disappeared, Jens Otto Krag called an election and with great fun the ones who broke out reached the minimum limit of two percent. VS was born, a child of SF and a child with great problems. It first broke in two when Kai Moltke and Hanne Reintoft formed their own Socialist Labor Group, and thereafter Hanna Reintoft continued over to the Communist Party of Denmark.

Silence fell over the party, and it did not go well in the elections of 1971 and 1973, but in 1975 VS again passed the minimum limit, and has kept well over it ever since.

Under an SDP government there has been elbow room in the border area where VS operates. A government must do as much as it can according to its party platform or its ideals, but with the SDP in the opposition there is no more room on the leftwing than SF itself can fill.

VS could survive by living off biting the great, heavy SDP on the leg and challenging it with good ideas and references to the true marxist dogma, but after 1982 the situation changed. At least parts of VS thought so. Now it was no longer a case of interfering with SDP, but of standing together with it against a nonsocialist government.

The Left Socialists are in the dilemma in which all the high ideology parties find themselves: How should they act when the opportunity to take "a step in the right direction" arises. That often means that one must give up, or postpone the plunge.

Anne Grete Holmsgard and Jorgen Lenger have chosen OD [surplus distribution] as the cardinal point. It was their opinion that this was the opportunity to demonstrate a majority over the four-party government, as the SDP, SF and the RV agreed to a formula which called for obligatory surplus distribution. When the two subscribed to the report there would be 90 votes and therefore a majority in favor.

The traditional VS position is that surplus distribution merely takes away the workers' hard-earned pennies, and that is still the party's position.

The defectors say that VS has become traditional and they have lost patience with the avant garde of the 70's, which has become the rear guard of the 80's.

If it is also correct that the organizational apparatus of VS is crumbling, then everything indicates that the Left Socialists are holding anxious discussions internally, and without being conspicuous will depart the Folketing political arena.

#### Remaining MP's Criticize Move

Copenhagen BERLINGSKE TIDENDE in Danish 1 July 86 p 5

[Article by Per Lyngby: "Those Remaining in VS Say Defectors Should Give Up Seats"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The three remaining VS MPs believe that Anne Grete Holmsgard and Jorgen Lenger should give up their Folketing seats to VS rather than taking them over to SF.

The three MPs, Keld Albrechtsen, Elisabeth Bruun Olesen and Steen Tinning believe that to change one's mind and resign from VS is an honorable act. But Anne Grete Holmsgard and Jorgen Lenger should have given up their Folketing seats at the same time as they go over to SF.

'VS Has Not Changed Its Position'

They said that the reason for their statement was that Anne Grete Holmsgard's and Jorgen Lenger's voters had voted for them as VS members.

"And it was not VS, but Anne Grete and Jorgen who have changed their positions since the last election," said a joint declaration from the three VS members.

Furthermore they criticized Anne Grete Holmsgard and Jorgen Lenger for not waiting until the party congress in October. Then VS will clarify its position for a coming SDP or SDP-SF government.

On Sunday the VS Executive Committee will decide who will replace Anne Grete Holmsgard as political spokesman.

#### Socialist People's Chairman Comments

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jul 86 p 5

[Article by Per Lyngby: "SF Chairman: VS Having a Hard Time"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The party will dwindle away "if the very sectarian attitudes" prevail, said the chairman of SF.

VS is having a hard time following the defection of two of its most dynamic characters. And the party will really dwindle away if the very sectarian attitudes in VS now prevail.

Gert Petersen, VS chairman, said that to BERLINGSKE TIDENDE. In the same breath he added that it would not necessarily be an advantage for SF if VS did leave the Folketing. In recent years Gert Petersen has not considered himself hampered by VS.

On the contrary he believes that especially in the security policy area SF has had remarkable cooperation with VS members. Gert Petersen hopes for continued cooperation with the remaining members of VS.

Anne Grete Holmsgard and Jorgen Lenger will soon be taken in by SF at the beginning of September when the party holds its ordinary Executive Committee meeting.

"Personally I will naturally warmly recommend their acceptance into SF. I have no doubt that their opinions are closer to ours than to the classic VS viewpoints," said Gert Petersen.

#### Wilhjelm Weighing Founding Party

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jul 86 p 5

[Article by Per Lyngby: "Wilhjelm Waits"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Preben Wilhjelm, who was a cofounder of VS, is considering founding a new party on the leftwing if the split VS is transformed into a sect.

One of VS' cofounders, Preben Wilhjelm, will resign from VS if the party's so-called Left Opposition, to which Elisabeth Bruun Olesen and Kjeld Albrechtsen belong, takes over the power in the party. But he will think it over carefully before deciding whether his political future lies in SF or in an entirely new leftwing party.

He announced this to BERLINGSKE TIDENDE yesterday after VS broke up.

"If the Left Opposition returns, VS will become a sect such as SAP [Socialist Workers Party] and KAP [Communist Workers Party] with 0.2 percent of the voters and its own little newspaper, and I will not feel at home in the party. In that case they have outlived their usefulness," said Preben Wilhjelm.

To him the thought of forming a new party is not remote. Preben Wilhjelm was present at the formation of SF in 1958 together with Axel Larsen, and he helped break up the party and form VS in 1967.

Another of the VS veterans is Steen Folke, who together with Preben Wilhjelm was sacrificed to the party's rotation principle in the latest Folketing election.

"The party has been engaged in a long and self-destructive process. Something remarkable and radically positive must happen at our congress in the fall before I will believe that the party has a future," said Steen Folke.



Paper Comments on Implications

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jul 86 p 10

[Editorial: "Red Realism"]

[Text] When Folketing members Anne Grete Holmsgard and Jorgen Lenger left VS, and when later in the year they are expected to be followed by Steen Tinning, there was no talk about realism leaving the party. Because there has never been room in the party for a realistic policy. They have formed a fraction which calls itself "The Red Realists," but it is of very recent origin, and there is no visible sign that the real nucleus of the party--the over 1000 party members with a past in the student riots and a future in perpetual dissatisfaction with the existing conditions in society--will be susceptible to that kind of thinking which the aforesaid fraction was involved in.

The fact is simply that VS, in all of its short lifetime, has been an idealistic party.

Idealistic in the sense that it has placed the great, lofty political goals in the seat of honor, and toward everyday politics it has preferred to sit on its hands instead of participating in the process.

Individual members have become involved in single issues of community life--a few have done it with talent--but the majority have found that as long as they sit on their hands, they won't get dirty.

In such a party there is no room for realism. VS wants to prepare for the revolution, and most of their force is used to clarify the attitudes which will apply when they are no longer fighting against capitalism, but forming a new society.

The result has been endless quarrels about slogans and about political interpretations of how the dawn of socialism can become full daylight, with new living conditions for the revolutionary flock.

Sunday's break will be considered by the still redeemed as a fresh cleaning, after which it will be still easier to make rules for playing in the sandbox. Those left behind will therefore not be sad.

The apparent winner in the game is SF, which can now increase its Folketing Group. But the question is whether the party over a little longer period is especially served by that.

In a period when SF is orienting itself more toward the Right in the political game, it will not be a simple task to get new members with roots in the far Left to follow footsteps in the Folketing Group. Debates will be longer, and clarification of viewpoints more difficult.

Another possibility is that the two VS defectors are on such a wild flight from old VS positions that they will run to the right of SF's leftwing and



will demand greater realism in SF's policies. If that happens it would also be difficult for SF.

The most certain message for the future is that VS is finished as a Folketing party. They are lacking a united character, and there is no prospect that they will be able to form a policy which will have broad appeal to leftwing voters.

The dawning realism has arrived at the door of the advance troops of the revolution. The eternal game of the advance troops can continue, undisturbed by the surrounding society.

9287

CS0: 3613/166

## COEXISTENCE RECOMMENDED FOR GREEKS, TURKS

Athens POLITIKA THEMATA in Greek 30 May-5 Jun 86 p 3

[Text] The subject is almost exhaustively covered: Turkey is a member of NATO. And so is Greece. Greece and Turkey are (or they used to be) a cornerstone of the Atlantic Alliance. Neighboring countries and allies with regard to the dangers from the north, they always had some issues between them about which to quarrel. That is usual for neighbors, especially when they are also poor.

The two nations, brought up with all the elements that divide them, are not allowed to see the times that lie ahead; they only see the problems between them. And they rekindle old animosities as they celebrate every other day some anniversary of some heroic battle or victory.

Thus, nations with many needs, with huge economic problems, sacrifice their meager resources in order to maintain war readiness, stalking and spying on each other, to see that one does not go three meters inside the other's airspace, or the other does not fish for some sea bass in the other's waters!

Huge war expenditures--we call them defense expenditures in the deeply hypocritical language of our time--waste money on surveillance, on mini-alerts, on fortifications, or the renovation of weapons, on orders for repairs and construction, or on purchases of the century.

But this nightmarish scenario is entirely manufactured. Because behind the military outposts where soldiers stand with their finger on the trigger, beyond the roar of the aircraft and the exchange of tough communications, where all dissolve and become a simple daily human relationship, we see the people who love each other sincerely and cordially since, through living side by side for centuries, they learned to know each other, they have experienced common human joys and sorrows, they understand each other, they come to love each other.

This relationship which is real, today is again threatened to be bloodied. But before we reach the point where cool assessments and reasoned statements are in danger of being considered national treason or defeatism, let us say it again!

These two NATO allies are condemned--As K. Karamanlis once said--to live harmoniously. No one chooses his neighbor. He lives next to him with mutual concessions and adjustments.

The truth is simple: NATO guarantees the territorial integrity of each of its member states not only from foreign enemies, but also from internal foes.

This is the proposal presented recently by Professor Angelos Angelopoulos. After such a formal declaration let Papandreou--Not Sartzetakis--go to Ankara or let Ozal come to Athens, to cancel the orders for weapons so we can build schools, have scientific research, productive investments, infrastructure projects, or social income.

Greece and Turkey can live happily because their people want it. It is only necessary for their leaders to express this desire.

The rest is talk being paid today in gold. Tomorrow, by pushing and pushing, it may be paid in blood!

7520

CSO: 3521/178

## BRIEFS

RISE OF KKE'S ANDROULAKIS--Just because of the key position he has held for several years now as chief of the party's Press Office, Mimis Androulakis could have been KKE's "spokesman". But Androulakis, who was recently elected alternate member of KKE's Politburo, is more than that, or rather, he has been entrusted with very significant political duties. As you may have noted, Androulakis is the only high KKE official--with the exception of of course, of Khar. Florakis--assigned [by the party's Politburo] to make public in his public speeches all the party's proposals for unit action [with other parties], and all the new political directions and developments. I am told that the party's Politburo has assigned those duties to Androulakis not only because he has Florakis' confidence but also due to general recognition of his abilities and to his being one of the best representatives of KKE's "new generation." And now something behind the scenes: In the next few weeks, the Androulakis speeches will be extremely interesting and will cause many discussions. [Text] [Athens TAKHYDROMOS in Greek 29 May 86 p 9] 7520

CSO: 3521/178

## WELFARE MINISTER REVEALS PLANS FOR ASYLUM SEEKERS

The Hague ANP NEWS BULLETIN in English 26 Jun 86 pp 4-5

[Text]

The Hague, June 25 - Dutch government plans to improve accommodation facilities for asylum-seekers were unveiled in a letter to parliament from Welfare Minister Eelco Brinkman yesterday.

Under the plans small groups of asylum-seekers will be lodged in flats and houses rather than in boarding houses where large groups of asylum-seekers are currently housed.

Cramped and insanitary conditions in the boarding houses sparked violent protests by Tamil refugees throughout the Netherlands in April.

The plans, to be implemented next year, envisage a major role for municipal authorities in accommodation and care for asylum-seekers.

A municipality providing accommodation will receive a monthly government grant of 738 guilders per asylum-seeker to cover housing, health insurance and various other costs.

Favourable Response

The asylum-seeker himself will receive 446 guilders per month to cover the cost of food and clothing.

Minister Brinkman said in his letter to parliament that the new scheme was intended to provide 'sober and humane' treatment for asylum-seekers.

Dutch facilities should not be better than those in neighbouring countries to prevent asylum-seekers from being drawn to the Netherlands, he said.

Brinkman's letter won a favourable response from both the Dutch Refugee Work Association (VVM) and the Association of Netherlands Municipalities (VNG).

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CSO: 3600/27

## SPY FOR GDR FREED ON TECHNICALITY

The Hague ANP NEWS BULLETIN in English 27 Jun 86 p 6

A m s t e r d a m, June 26 - A 43-year-old Dutchwoman, sentenced to two years jail in May for trying to pass military secrets to East Germany, was free today after an appeals court here ordered her release on technical grounds.

Ellen Tunnissen, a member of a communist fringe party, admitted during her trial that she had copied documents about NATO tank armour at the Amsterdam patent office where she worked.

The prosecution said she arranged for the copies to be collected by an East German agent and that she could have done grave damage to NATO's conventional defences if the transfer had been completed.

Tunnissen's lawyer R. Heukels said he expected his client to remain in the Netherlands but noted that she was not obliged to do so.

Amsterdam public prosecutor Henk Wooldrik said today that Tunnissen's release on a technicality was a 'rather irritating matter'.

Error in Document

He said he could not judge whether Tunnissen would take advantage of her freedom to flee the country.

Heukels said a chamber of the appeals court ordered Tunnissen's release after he pointed out an error in a document authorising extension of her detention during her trial.

The document did not state 'urgent reasons' why the woman should remain in custody, as required by the law, he said.

Heukels said he had opened appeal proceedings against Tunnissen's conviction and was able to point out the error during a regular remand hearing, held each month pending a ruling on the appeal.

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## DESERTIONS FROM CDS, PRD, EARLY ELECTIONS FORESEEN

Lisbon TEMPO in Portuguese 11-17 Jul 86 p 12

[Article by Joao Rosa]

[Text] A prominent national leader of the PSD, speaking informally and confidentially to TEMPO, assured us: "There is no doubt that resignation of the government by the end of October, or early November, is inevitable. We have more than enough data to be certain about this. Then, early elections will be just as inevitable. In fact, the PSD has already started oiling up its election machinery to get underway in late August."

According to our source, the leaders of the social democrats expect the government to resign--as indeed is widely predicted--immediately following presentation of the state budget for 1987, "which will certainly reach the assembly by the constitutionally stipulated date of 15 October."

Elections are not likely to be held until March, inasmuch as dissolution of the assembly, with the whole process of conversations and consultations this involves, is not likely to happen before the middle of December.

But the forecasts made in Buenos Aires are not yet ready to deal with the question of the caretaker government that will take over during the 3 months that must precede the election, "including whether or not Cavaco Silva himself will be available to act as its prime minister."

The same source told us that, although more specific information is still "a secret of the gods, we are already receiving reliable reports that a 'phenomenon' is quietly developing, to explode at the proper time, involving the desertion of many persons, including top-level figures, from the CDS and the PRD [Democratic Renewal Party], who will join the ranks of the PSD.

"Some of them, of course, from one side as well as from the other, are merely persons who, in view of the likelihood of an electoral defeat, wish to safeguard their future, specifically as deputies and local officials, so as not to become politically unemployed," our source asserted.

"Exactly who they are," he added, "few, very few, within the PSD really know; in most cases, at least the most important ones, only the individual himself knows."



It is supposed, in social-democratic circles, that "admission" of such a contingent of "converted" Christian democrats and renewal democrats will be done with very demanding criteria of effective political commitment to the PSD platform and the leadership of Cavaco Silva, in order not to arouse excessive reservations on the part of party leaders and rank-and-file, among whom there are many who do not accept with good humor being dislodged or passed over by such new acquisitions from outside.

"Only extreme care and very good common sense will prevent today's disciplined troops from becoming unruly tomorrow," our source points out.

The scenario resulting from this "phenomenon" of desertions from the CDS and the PRD and their respective joining of the ranks led by Cavaco Silva would thus be the following:

A definite split within the CDS, with additions to the number of those who will line up, within the context of the Twenty-first Century Foundation, behind Freitas do Amaral and with the revelation that there are those who would abandon the CDS to join with Cavaco, still leaving some, such as Adriano Moreira, to maintain a small, but still important, CDS to have its say in the future parliamentary chess game.

An inevitable breakup of the PRD, split between the PS [Socialist Party] of Constancio and the PSD of Cavaco, leaving an indecisive few, with a uncertain future, except for their personal loyalty to Ramalho Eanes, who, in view of this schism, will have the grounds he may be looking for to finally decide to neither join nor lead this type of party.

A PSD that would be a truly serious candidate for an absolute majority, through the additional votes coming from the express inclusion in its ranks of the former members of the CDS and the PRD and the personalities of Freitas do Amaral's "court," an absolute majority that, should it by a narrow margin still escape it, would later be assured, in the future parliament, by an agreement with the new CDS, which would thus, after all, continue with the right to be important, even more so than at present.

An autumn that thus has prospects of being hot and innovative.

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## COMMENTS ON PERSONALITIES IN NEW PSD LEADERSHIP LIST

Lisbon O JORNAL in Portuguese 6-12 Jun 86 p 11

[Article by Fernanda Mestrinho]

[Text] Surprises and some recoveries marked the single list that, following the vote for the national organs, became the team that is going to lead the PSD.

Let us begin with the Political Committee:

Antonio Capucho--Chairman of the Parliamentary Group, with a seat in the Political Committee by virtue of that fact, accepted one of the vice-presidencies of the party. A former secretary general, former secretary of state, and former minister of quality of life, Antonio Capucho occupies in the Cavaco Silva team the highest party position he has held until now. A former supporter of Joao Salgueiro, his name certainly came as a surprise.

Vitor Crespo--Another of the Party's vice-presidents. Former minister of education under Sa Carneiro and Pinto Balsemao, he was also ambassador to UNESCO. A chemical engineer, Vitor Crespo was chairman of the permanent committee when the party was led by Mota Pinto. Discreet but influential, his elevation to the vice-presidency was also not expected by the press.

Carlos Brito--Current civil governor, his appointment as vice-president of the Political Committee is the result of the pressure of the Oporto district organization, which was rebelling over its scant representation. He was the Number 2 man in the chamber management of the previous president, Paulo Valada. An EDP technician, Carlos Brito is regarded as one of the good acquisitions for this new Social Democratic team.

Rui Carp--From what we have been told, even he did not expect this invitation to the Political Committee. Current secretary of state for the budget, he has shown to be a person close to Cavaco Silva, under whom he served as subsecretary of state in 1980. He is a Social Democrat close to the Lisbon Group, according to some officials.

Morais Sarmiento--With this entry into the Political Committee, Cavaco Silva gives the current leadership of the PSD headed by Pedro Pinto a resounding

slap on the face. A lawyer, 25 years of age, he was the youngest president of the Lisbon PSD. He was one of the big organizers of the Alameda rally in the legislative election campaign. We were told that he will be the candidate for the leadership of the JSD at the next congress, for which he has the blessing of the Cavaco Silva's current leadership.

It is in the National Council, however, that some new things are noted. With a single list, it is not surprising that some former Balsemistas have been fished out again, or that Mota Amaral and Joao Jardim have chosen to join this group. However, there are names that are news. As for example:

Joao de Deus Pinheiro--Current minister of education, former rector of the University of Minho, he emerged as secretary of state in the central bloc and an independent. A chemical engineer, Joao de Deus Pinheiro became head of the Ministry of Education under Cavaco Silva. With his entry into the National Council, he marks the beginning of a party career.

Oliveira Martins--Another name for this National Council. A basic member of the PSD and an activist, he is the current minister of public works, transportation, and communications. He has a wide background as manager of public works and a political career that began before 25 April as secretary of state for transportation and communications between 1970 and 1974. Before joining the Cavaco Silva government, he was president of the Engineers Association.

Figueiredo Lopes--This is a significant entry and could be interpreted as compensation for having given up the Secretariat of State for Defense, a decision that he considered the wisest thing to do in view of the fact that he was named as a party in a lawsuit that is currently going through the courts. He already has a long career in the government--uninterrupted since 1978--in Public Administration, Administrative Reform, and finally, in Defense. He was elected deputy in the last legislative elections. A reinforcement of the "government types" vis-a-vis the "political types" of the PSD.

Nascimento Rodrigues--It is a return to politics. He was minister of labor under Pinto Balsemao and vice-president of the PSD under Mota Pinto and Eurico de Melo. A lawyer, very close to labor problems, Nascimento Rodrigues was recently Rui Oliveira e Costa's defense attorney in the case of expulsion from the party.

Vaz Portugal--Another of the surprises in this congress. He was minister of agriculture in the presidentially oriented governments headed by Mota Pinto and Nobre da Costa, in addition to being a member of the PSD Political Committee during the presidency of Mota Pinto. His inclusion in the list of the National Council also represents a big question for political observers and an undeniable reinforcement for the Mota Pinto forces.

Silva Marques--A supporter of Joao Salgueiro and Pinto Balsemao, he agreed to join the single list. He is a deputy and his selection in this list of

surprises symbolizes all of those who preferred to "enter" rather than to "wander in the desert," a decision in which he was accompanied by Faria de Oliveira and Abilio Rodrigues...

Finally, with regard to the table of officers of the congress (there are no changes in the Jurisdiction Council), the last and the big news is the name designated by Cavaco Silva for the vice-presidency.

Angelo Correia--This is an astounding political recovery. Former minister of internal administration under Balsemao, an influential supporter of Mota Pinto, it was thought that his political career would be marking time much longer. That did not happen. Angelo Correia will know how to move about even more now that he is occupying an apparently not very important position. He will know how to get around it intelligently, as was already being said in the wings of the Coliseu.

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## POSSIBLE FUTURE PSD-PRD COOPERATION VIEWED

Lisbon 0 JORNAL in Portuguese 4-10 Jul 86 p 9

[Article by Rogerio Rodrigues]

[Excerpt] The PRD is waiting for autumn for the redefinition of its political strategy--this is the version the reformists are currently using to justify the latest positions taken in Parliament, especially with regard to the vote of confidence called by the government.

Until Eanes joins the PRD, which will happen (and this action is considered peaceful and inevitable by the reformists) at the Second Convention, to take place, theoretically, in Oporto during the first half of October, the reformists will remain hopeful with regard to the direction of Portuguese politics.

Neither Constancio's leadership, recently assumed in the PS Congress (a more dangerous leadership for the reformists than would be that of Jaime Gama, for example), nor the voices that, dispersed but continuous, continue to bear upon public opinion with insinuations or affirmations that the PRD, from now on, will have no reason to exist, for lack of room (an idea which continues to be circulated and which is important, above all, to the strategy of the socialists), will cause the PRD to launch a political offensive that will prevent the public from forming an opinion of the position of the reformists' party as precarious.

They await Eanes' clear leadership, convinced that the charisma of the ex-president of the Republic in the democratic Portuguese family is much stronger than that of Constancio and that the new socialist leader could suffer disaffection, in the medium term, in the heart of the party.

## Invitation to the Government

Two times the siren has sung for the ears of the reformists: Cavaco Silva, through his ministers, sent informal invitations to PRD stalwarts to be partners in the sharing of power.

Two times the PRD resisted. But the possibility remains of a joining of forces between the social democrats and the reformists around winter, after the reformists will have completed a year of PSD government.

This position is defended by some reformists on the grounds that if the PRD arose precisely because of and against the political practices of the PS (and not merely because of and against its leadership of the time), it would be very difficult for the two adversaries of the same family and with the same electorate to join forces.

But that which is decisive for the PRD is in the hands, as usual, of its natural leader, Ramalho Eanes. This scenario, however, acknowledged by some reformists for this winter, is not received calmly by others whose "Aprilist" positions could only be conciliated with difficulty with a center-right strategy, as would be that of those joining forces with the party of Cavaco Silva.

#### The "Secrets" of Abstaining

Eanes was advised by Cavaco Silva that he was going to propose a vote of confidence to Parliament. And the ex-member of the PR indicated to the Directive Committee of the PRD that he was in favor of abstaining.

We do not know if, at the time the Parliamentary Group discussed its inclinations toward the vote, it already knew, as a group, Eanes' position. In any case, we are able to affirm that Hermino Martinho had scarcely revealed the Directive Committee's position when the speeches had already practically run their course and the position of the majority of the Parliamentary Group had been in favor of abstention.

Some voices were raised at the beginning "against" abstaining. Among others were those of Marques Junior, Carmelo Lobo, Vasco da Gama Fernandes and Antonio Paulouro. Jose Carlos de Vasconcelos was from the beginning one of the defenders of abstention. However, it was probably the lengthy speech of Magalhaes Mota that proved to be the most reticent that, at that time, the best thing for the PRD would be abstention.

A minority movement still called for some concessions to be required of the government. Two or three deputies (among whom was a member of the present Directive Committee) went so far as to propose that the reformists vote in favor, fearing that the CDS might abstain, since until the last minute the centrists' position was not known. As one of those present at the meeting confessed to us, they went through some rough moments between lunch and dinner, the space of time during which the PRD marathon took place.

When the moment of truth arrived, 44 of the 45 deputies voted in favor of abstaining. Silva Lopes was out of the country. Although it was a free vote, the PRD deputies probably did not want to repeat the disagreements of the Vizela case.

#### Inside Eanes

Something changed during Eanes' trip to the country. If in Belmonte--where he inaugurated his contacts with the PRD electorate--he still said "your party," later in Palmela he referred always to "our party."

Explanations that were given to us for this "nuance": Not yet being militant, he utilized "your"; on the other hand, although he continues not to be militant, but is recognized by everyone as the leader, he has started to use "our."

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## PRESENTLY UNSTAFFED INTELLIGENCE SERVICE TO BEGIN RECRUITING

Lisbon 0 JORNAL in Portuguese 4-10 July 86 p 7

[Article by Lurdes Feio]

[Text] General Pedro Cardoso, considered the "strong man" of the Intelligence Service (SIS), has an office on Gomes Teixeira Street, where he has already acted as a consultant to the prime minister, namely for southern African affairs. In the meantime, the SIS should already be partially functioning by next year, with a total of 300 officers, most of them recruited from among the universities and the military.

Taking upon itself the role of collecting and analyzing information essentially directed at preventing situations that involve terrorist acts or subversive activities that threaten the interests of the state and the citizens in general, the SIS, according to its officials, will favor the research and analysis of information produced by the mass media and various publications--so-called "overt" information--and to a lesser degree, research of "covert" information which, in this case, could involve citizens possibly considered "suspect."

For the SIS, persons who apparently do not have a job, live very much above their "normal" means, or lead secretive lives could be targets of future investigations, in particular when the antiterrorist section of the SIS, whose complete functioning is estimated to commence around the middle of 1987, begins operations.

#### The "Suspects"

The possibility of the SIS becoming a "political persecutor" does not seem to worry its leaders in the slightest, although they admit that "political extremists, on the left or on the right, will justify the special attention of the service." Fundamentally, for the SIS, everything falls under the objective of "preventing the public administration from being surprised by any actions of a subversive nature or that in any way impinge upon national interests and objectives." And the "surprise" could range from an outbreak of terrorism to sabotage, from a street movement to fraud. "Democracies are fragile," they argue.

"Our job is not to investigate criminals, pursue those guilty of specific acts, nor even less, arrest people, since we are not police, but rather specialists in information gathering. Our work will be, always, preventive, in the sense of furnishing federal agencies with facts that will permit them to anticipate events. And in addition, we analyze the causes and the consequences, the possible international connections, in order to obtain a complete picture of the facts. We are investigators of situations, not of people, although the latter can lead us to the situations," explained an SIS source to O JOURNAL.

#### Lacking Light and Water

At present, the SIS is little more than a plan. Although some months have passed since its formal creation, the Intelligence Service still occupies a large, almost unfurnished building, where telephones are scarce, light is provided by the builder, and not all of the sanitary facilities are supplied with water. The "staff" is, for now, reduced to management (some of whom are kept in the "shadows"), a half dozen security men, and a few administrators. The office of the director, Dr Ramiro Ladeira Monteiro, has been installed on the third floor--"the only one inhabitable, for the time being"--and in spite of the fact that many candidates have already come to the building on Alexandre Herculano Street in Lisbon, the majority of them are young, of both sexes, looking for their first job...and no recruitments have yet been made.

According to our sources, the SIS will begin admitting technical officers around the end of the summer, after having collected personal data (family environment, professional status, economic and social situation, current and past activities) and the necessary psychotechnic tests. Apart from the minimum required educational skills (bachelor's degree for management positions, 11th grade for information collecting specialists) and the age limit (between 25 and 55 years), the candidates will have to belong to the desired profile: "discreet," in order to work without being visible, and "stable," in order not to become vulnerable.

#### Three Hundred Officers (Not Counting Ex-Members of PIDE)

"A service of this type should, first of all, look for officers, and we plan to do so, namely from the teaching establishments and the military services," stated our sources.

The objective seems to be to give the image of transparency and competence to the SIS and, at the same time, to avoid the risks related to information leaks, espionage or any illegalities on the part of its future 300 officers--the number foreseen for the initial phase, including all personnel. "We do not want our officers to be ashamed of saying that they work here, especially considering the PIDE complex that has been ingrained in the Portuguese population," he told us.

In that sense, the legislation approved by the AR appears to be considered good, sufficient to permit an efficient control of SIS activities, namely in that it prohibits the hiring of ex-officers of the former PIDE/DGS, of

foreign citizens or of individuals who, in any way, have a less than desirable past. In fact, SIS officers will be reinvestigated whenever necessary, that is, whenever their initial situation changes--their manner of living, marriage or divorce, family problems. "We prefer persons who are already married and with a stable and secure relationship," they told us.

### English Inspiration

In spite of these precautions, the SIS will obviously not be immune to the risks and maneuvers with which its foreign counterparts have been rife. Its main inspiration, the British Secret Service, has already spilled a lot of secrets, and the same has happened to the Americans, with whom the SIS will maintain privileged relations within the NATO environment, or even with other services in the EEC (Italy, Federal Republic of Germany, France), to whose structures and organisms the SIS will inevitably be connected. But the philosophy of the SIS directors seems to be that, despite the risks, the advantages are indisputable, in a country where foreign spies circulate at will and in an abusive manner. "They pay very well for that, but they will now have to have discipline, corrections or even rejections of the bad habits they have acquired," our sources guaranteed us.

However, as O JORNAL has concluded, the creation of the SIS seems to have been welcomed by Portugal's closest allies, namely the U.S., Spain, Great Britain and, in a general way, NATO and the EEC.

The incidents divulged in the international media, involving foreign secret services, at times accused of illicit espionage, violence and political interference, do not seem to bother the SIS directors a great deal. What contributes is, on the one hand, the philosophy of the "mild Portuguese way of life"--"We are not a people of spies, nor are we brought up like the English or Germans"--and on the other hand, the lack of large and serious political interests in our country. "But everything will depend, also, on the directors, on their philosophy and orders, and on the advantages that can be derived from this type of institution," some sources admitted.

There are those who see the activities of the SIS as depending on the ability of the federal agencies to control it, namely the AR which, besides its representation on the SIS Budget Committee, should have a Parliamentary Information Committee, "perfectly compatible with the approved law." Others fear the possible and undesirable direct relationship between the SIS and the police, through centralization of both in the Ministry of Internal Administration.

But one of the major targets of fear occupies, at this time, an office on the seventh floor of the building of the president of the Council of Ministers, on Gomes Teixeira Street--here General Pedro Cardoso has installed himself, having some months ago been named secretary of the Technical Committee for the creation of the SIS.

According to our sources, Pedro Cardoso, a four-star general considered one of the greatest information specialists, and who has been referred to as the

veritable "father" of the SIS, will become the principal adviser to the prime minister in this field, counting on a small "staff" of four analysts for this task. As knowledgeable sources close to Gomes Teixeira Street told O JORNAL, Pedro Cardoso has already advised Cavaco Silva on questions relating to southern Africa, namely with regard to the future of Portuguese emigrants in that area, and there are those who cite contacts maintained between the general and circles close to the PR, also on African affairs.

In theory, Pedro Cardoso has the task of helping to create the SIS, but his future influence could vastly surpass this role, easily turning him into the "shadow" coordinator of Portuguese "Intelligence." His current contribution is justified by some sources as a rational form of transferring to the SIS methods of information gathering that, because of the previous non-existence of the Service, have until now been handled by the military.

Cunhal Could Be Watched...

Public figures who possibly do not have a fixed residence or who generally try to keep their private lives out of the public view could be targets of future investigations on the part of the Intelligence Service.

This intention was implicit in the response that a high official of the SIS gave recently to the secretary general of the PCP, Alvaro Cunhal, when the latter demonstrated his reservations regarding future activities of the SIS.

"As long as you persist in not saying where you sleep, hiding your private life and maintaining a semi-clandestinity, you will naturally arouse suspicion. But the fault is yours," the SIS official told the communist leader.

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## CGTP-IN SUFFERS LARGE MEMBERSHIP LOSSES

Lisbon 0 JORNAL in Portuguese 6-12 Jun 86 p 20

[Article by Jose Pedro Castanheira]

[Excerpts] A loss of membership and financial difficulties are the visible symptoms of the crisis which the CGTP is experiencing. It is a crisis that is equally political-unionist in nature and was the principal reason for the tactical turn that occurred at its fifth congress which, as Jose Luis Judas said, was not a normal or formal congress.

In 1983, the CGTP had mobilized 1,583,118 workers from among affiliated and nonaffiliated unions. Three years later, the confederation brought to its fifth congress delegates representing 1,377,656 workers. That is, the number of union members belonging to organizations connected with Inter has dropped 205,000 in the last 3 years, which means a loss of 13 percent. If we subtract the workers represented by unions present but not affiliated from the number announced at the congress, we arrive at the conclusion that the CGTP represents a little more than 1.1 million workers at the present time.

These figures were gathered from the CGTP itself and it is well known in the union movement that if they sin, it will certainly not be by omission. The confederation knows better than anyone else that its membership has been declining appreciably.

#### Eroded Finances and 2,000 Employees

Another difficulty closely connected with the drop in membership is the confederation's financial crisis. The problem was also taken up during the congress, specifically by Antero Martins, an influential cadre from Vitor Cordon. The crisis being experienced by the country, said Antero Martins, "has naturally been reflected in the workers' assessments and raised very serious problems for the normal management of the unions the economic and financial situation of which, with a few exceptions, appears much more eroded today at the time of the fourth congress."

The CGTP apparatus is huge. The activities' report describes it concisely: "Hundreds of equipped facilities spread throughout the country; a vast park of machines and vehicles; about 2,000 employees, actual aides; and receipts of many hundreds of thousands of contos from annual assessments."

For many years, the "machine" obtained as much money as it could from the metalworkers' unions, then the real financial backbone of Inter. But hard times also knocked at the door of metallurgy and the problem is becoming aggravated by shortcomings in management and administration.

#### Situation Changed in 3 Years

The loss of membership and financial difficulties are two inescapable symptoms of the crisis that the CGTP is experiencing which, in many ways, is the result of the more general crisis in the country. Hidden for years, for that very reason it reveals itself to be more severe through the cold language of statistics.

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## COUNTRY SEEN 'STRATEGICALLY INTERESTING' TO U.S. CHRISTIAN RIGHT

Stockholm DAGENS NYHETER in Swedish 9 Jul 86 pp 1, 9

## U.S. Christian Right in Eastern Bloc Countries

Sweden is strategically interesting to the ultra-conservative Christian movement in the United States. Our location offers the possibilities of reaching the Eastern bloc with political literature under the cloak of Christianity.

At least two Christian right-wing movements in Sweden are doing missionary work on the other side of the Iron Curtain.

As part of the series, "The Hidden Right," DAGENS NYHETER today describes the ultra-conservative Christians in the United States, who are now aiming for the presidency after Ronald Reagan. Their TV-evangelists regularly reach 61 million Americans. In Sweden the battle will be between the Pentecostal Movement and the Word of Life.

[Article by Anna-Maria Hagerfors: "Our Location a Bridge to the Eastern Bloc. Redemption Wholesalers Concentrate on Sweden"]

[Text] "America loves Sweden!" Redemption wholesalers are coming to Sweden from the United States with this slogan, proclaiming that God loves the United States and that Communism is the work of Satan. Sweden is strategically interesting. Our location provides a bridge for reaching the Eastern bloc with Christian political literature.

With the new media, even we can have TV-evangelists of the American variety.

Sandy Brown is a converted nightclub waitress and sex-symbol from Las Vegas. In the United States she might redeem up to 70,000 people in one year. The blind regain their sight. The crippled leave their wheelchairs. The deaf regain their hearing.

That is if you believe the promotion for Sandy Brown in Sweden. She has been here several times, invited by the Word of Life, and has spoken to thousands in Stockholm, Uppsala and Orebro.



Sandy Brown is the disciple of Kenneth E. Hagin of Tulsa, Oklahoma, who is the founder of the Success Theology. The idea of its message is that he, who uses his faith correctly, becomes rich and healthy. U.S. Capitalism is God's will. The Communists do the work of Satan.

When Sandy Brown returned home, she wrote to her followers: "Our work has been nationally accepted in Sweden."

In the 1960's and 1970's, American redemption wholesalers were so rare in Sweden that Billy Graham received great attention from the media every time he arrived. Today the politically dark-blue revivalists have punch-tickets for their trips across the Atlantic.

#### Giant Campaign

A giant campaign is planned for 1988 in Sweden. Luis Palau, the Billy Graham of Latin America, is coming here. Palau wants to go further than Ronald Reagan when it comes to American involvement in Latin-American politics.

At this time, some thirty Christian American organizations are active in Sweden. Some twenty additional Christian movements are strongly influenced by the United States.

There are more than 200 religious movements outside the established churches in the United States. Every month another foundation or association is born. For Christians who are keen on sports, for instance, there is "Sport for Christians" and the diet book "Slim with Him."

Sport for Christians already has a chapter in Sweden with the same name. And if "Slim with Him" is not already here, it will be.

Jerry Falwell, leader of the Moral Majority, is going to Stavanger in October to establish his Norwegian headquarters. There are those who think that it is only a question of time before there is one in Sweden also.

"The love for Sweden of the U.S. Christians has clear strategic overtones. Our geographical location makes us interesting as a bridge for reaching the Eastern bloc." This was said by the Reverend Fred Nilsson, who has charted the Christian right-wing movement in Sweden for the past two years.

"The conservative Christians in the United States often portray Sweden as a spiritual bulwark against Communism. America loves Sweden more than ever," says Fred Nilsson.

Two or three of the movements in Sweden are openly directing their energies towards American missionary work on the other side of the Iron Curtain.

"Salvation to People," is a Swedish offshoot of the American Faith Teaching Ministries (FTM). FTM maintains that its organization has sent a million books beyond the Iron Curtain. It spreads bibles and the politically permeated Success Theology. The parent organization makes no secret of the fact that it

views Sweden as a strategic country. Swedish leaders are Ulla and Oliver Lindberg in Tranås. The collection for the eastern campaign is carried out under the guise of "care packages to Poland," for instance.

"Jesus To the Communist World," is the name of another American organization with close ties to Sweden. It does missionary work in the eastern countries. Its leader is Curt Bergstrom in Vasterås. He publishes a monthly newspaper, the VOICE OF THE MARTYRS, a newspaper which is very hostile towards immigrants and which maintains that refugees are Communist terrorists.

The Success Theology which is now spreading a wave of revival across Sweden, has the same roots as the psychological gospel that came here from the United States, which said: "Invest in yourself! Think positive!"

The reason for the Christian Right's success in the United States is the fact that it latched on to TV very early and realized that it is an effective medium.

"In Sweden the battle will be fought between the Pentecostal Movement and the Word of Life," says Sigbert Axelsson, associate professor at the University of Uppsala. "Both of them already have a leader attitude, that political parties, alternative movements and popular movements are lacking."

"The rapid progress in the United States will be copied here. Full Gospel Business, which also exists in Sweden, has now started a TV-project in France. The Word of Life and other parts of the network are now concentrating strongly on video-production," says Fred Nilsson.

The Pentecostal Movement, which at present is in danger of being swallowed by the Word of Life, has prepared for a long time for its break-through in the new media. Its Inter-TV is a joint Nordic project. In cooperation with the Canadians, it has built a relay station in Brussels for transmitting broadcasts from the other side of the Atlantic.

Recently Inter-TV came to an agreement with TV 1 about airing more of its own programs later on.

#### Study

The theological faculty at the University of Uppsala has studied how the "evangelizing" is done in Latin America. The study shows, among other things, that Catholic priests are no longer allowed on American military bases in Honduras for fear of "liberation theologians." Only "American, evangelical priests" are welcome. At the same time, the Vatican is beginning to accept its liberation priests. The newspaper, EXODUS, another of the publications of the Swedish network, reprints articles from American newspapers about the advances of the "Christians" in Latin America.

For example, it was said in "Report From Nicaragua": "Even if the country now finds itself in its, perhaps, darkest hour, the Christians are in their lightest."

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GREENEX MINE, ISLAND'S LARGEST EMPLOYER, SOLD TO SWEDISH FIRM

Copenhagen BERLINGSKE TIDENDE in Danish 20 Jun 86 Sec III p 3

[Unattributed article: "Greenex Mine Sold to Sweden's Boliden"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The agreement to sell the zinc mine in Marmorilik to the Swedish Boliden mining company should now be approved by the banks involved.

The Greenex mine "Black Angel" will be taken over by the Swedish Boliden mining company, which should assure the operation of the zinc and lead mine that is Greenland's largest employer.

The mine's former owner, the Canadian Cominco mining company, and Boliden reached agreement on the terms for the sale early this week.

The agreement could not be approved immediately by two of the five banks involved, Chase Manhattan and Bank of America, which reportedly wanted to set up a new repayment arrangement with the new owner as a condition for approving the sale.

An agreement reached yesterday by Boliden, the five banks involved and the Raw Materials Administration for Greenland should now win final approval and the operation of the mine should be guaranteed for the next few years during which time the existing ore will be mined. Further operation of the mine will depend among other things on the world market price of zinc and new ore discoveries.

The details of the agreement are expected to be presented at a press conference that will probably be held today with Greenland Minister Tom Hoyem (Center-Democrat) and the head of the Greenland government, Jonathan Motzfeldt.

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## SOVIET FOREIGN TRADE MINISTER VISITS, SIGNS 1987-90 PROTOCOL

## Increased Chemicals, Petrochemicals Imports

Helsinki HELSINGIN SANOMAT in Finnish 27 Jun 86 p 24

[Article: "Seven Billion More Imports in Four Years; Soviet Trade Will Not Yet Swing into Balance"]

[Text] Trade between Finland and the Soviet Union will by no means swing into balance with the supplementary trade agreement protocol signed today. According to the protocol, which covers 1987-1990, we will try to increase the volume of our annual imports from the Soviet Union by 250 million rubles, or over 1.7 billion markkas.

Rauma-Repolä is expected to receive a decision today on supplying the Soviet Union with three ships, which has been the subject of negotiations that have been going on for a long time now. If the transaction is confirmed, the construction of three so-called shrimp factories will keep Rauma's shipyard busy until 1989. The value of the contract will be about 1.2 billion markkas.

On the other hand, Wartsila felt on Thursday that the company would not obtain contracts for more icebreakers than other ships during Aristov's visit.

Negotiations concerning additional imports for this year will continue after Soviet Foreign Trade Minister Boris Aristov's visit too, which concludes today, Friday. According to Foreign Trade Minister Jermu Laine, thinking of this year, it is an obvious assumption that trade will not be balanced.

According to Minister Laine, it is clear that we will run up against a credit ceiling of 300 million rubles, or over 2 billion markkas. "Whether the ceiling is broken through will be revealed in the fall," Laine said on Thursday.

In Laine's opinion, it is hard to predict what the situation will be in 4 years time. He nevertheless believes that Finland's industrial exports can continue in accordance with our objectives. Execution of the supplementary protocol is not, however, automatic, Laine warned, and he expects Finnish firms to work hard at increasing imports.

According to the schedule of supplementary imports signed today, nearly a third of the approximately 7 billion markkas worth of imports is oil, which Neste [state oil company] will probably largely reexport to world markets. The volume of this year's supplementary imports has been left open primarily because they have not yet reached agreement on the amount of oil to be re-exported.

While the agreement on supplementary imports does not resolve everything, according to our sources, the fact that we Finns are beginning to get more chemical and petrochemical products than before is viewed as being favorable.

On the other hand, we might have gotten more metals in different forms, like nonferrous scrap metal and residue, our sources reported on Thursday. More machines, equipment, autos and so forth will be imported "to a minimal extent."

#### Rautaruukki Buys Coke

On Thursday Rautaruukki concluded a contract worth about 200 million markkas with the Soviet foreign trade organization, V/O Soyuzpromexport, to supply coke for the Raahi ironworks during the second half of the year. The two parties also engaged in preliminary discussion of the initiation of coal compound shipments next year for the coke ovens under construction at the ironworks.

Rautaruukki is also starting to coat Soviet aluminum tape on a large scale at its Lameenlinna plant. The company reached agreement on Thursday with the foreign trade company, Raznoimport, on the shipment of a test batch of aluminum tape.

Plastic-coated aluminum tape is, among other things, used on the ceilings of buildings, partitions and lighting appliances.

Foreign Trade Minister Aristov continued to familiarize himself with Finnish industry on Thursday. Among others, he visited Nokia, whose sales to the Soviet Union come to over a billion markkas a year. At Nokia imports from the Soviet Union, which are the main topic of Aristov's visit, are worth about 100 million markkas.

Aristov is leaving for home today, Friday. The trade agreement concerning this year was signed in Moscow in December. In accordance with it, the volume of trade was to be about 38 billion markkas. At that time it was supposed that the volumes of both Finland's exports and imports would come to about 19 billion markkas.

Later the collapse of oil prices dropped the price of Soviet oil to half what it was. Over 80 percent of imports from the Soviet Union into Finland are oil and other energy sources.

#### Shipbuilding Contracts Signed

Helsinki HELSINGIN SANOMAT in Finnish 28 Jun 86 p 25

[Article: "Contracts Make Last Day of Aristov's Visit to Finland More Festive; Rauma-Repolä, Tampella and Lohja Export — Kemira and Wartsila Import"]

[Text] Rauma-Repola will supply the Soviet Union with three floating shrimp and fish-processing factories. What is involved is the company's biggest order for ships to date. The value of the contract is 1.2 billion markkas. As for Tampella, it signed a contract worth 120 million markkas with the Soviet Union on Friday.

The last day of Foreign Trade Minister Boris Aristov's visit to Finland was also celebrated with the signing of several other contracts.

As for Wartsila, which was one object of Foreign Trade Minister Aristov's visit, it was left without any orders for ships, even though negotiations on several different projects were also engaged in during the week of his visit.

The order for fish factory ships guarantees employment at the Rauma shipyard until the fall of 1989, general manager Antti Potila informed us. Without these jobs, work would come to a halt by next summer.

The first factory ship will be provided for the Soviet Ministry of Fish Industry in the spring of 1988, the second a year later and the third ship during the first half of 1990.

#### Lengthy Preparations

The factory ships will be in operation year round as mother ships on fishing expeditions in which there are trawlers and seine-fishing boats in addition to as shrimp and fish canneries. The catch obtained with them will be processed ready-for-market on board ship and the remaining portion may be temporarily frozen for later processing.

There are complete medical services with hospitals, motion picture theaters, discos and libraries, among other facilities, on the factory ships.

The Rauma shipyard is at present the first in the world to be building a ship for Antarctic research expeditions for the use of Soviet scientists. At Rauma-Repola they told us that this and the contract just signed firmly establish the Rauma shipyard as a builder of special tonnage.

The shipyard's many-membered team prepared for the factory ship deal for many years. Among other things, its members made two familiarization trips to the Far East for the fish and shrimp factory ships.

Rauma-Repola also signed an agreement on Friday for reciprocal purchases from the Soviet Union. It will, among other things, order ship equipment and floating gear.

#### 120 Million in Contracts for Tampella

Tampella also received an order from the Soviet Union on Friday. It will modernize two soda boiler installations that are to go to the Bratsk factory and jointly build two cardboard-making machines that are to go to Soviet mills.



The soda boilers account for about 75 million markkas of the contract and the cardboard-making machines 45 million. These commissions are part of two joint production agreements.

They will be supplied in 1987 and early 1988. Tampella has been selling the Soviet Union cardboard-making machines since the 1950's.

Lohja concluded an agreement on Friday with the Soviet Union to supply it with a lime-burning plant. The value of the contract is 14 million markkas. The chief supplier will be Lohja's Virkkala machine shop.

The plant is the first lime-burning plant to be supplied the Soviet Union from Finland. Its production will be used as the raw material for a mortar and concrete factory Lohja is to supply Moscow with.

All the contracts were signed on Friday in Helsinki in connection with the conclusion of the supplementary protocol. Wartsila and Kemira also signed import agreements worth about 140 million markkas.

Kemira will buy ammonia from the Soviet Union and, as for Wartsila, it will import many different kinds of products, machines and equipment among others.

#### Measures to Balance Trade

Helsinki HELSINGIN SANOMAT in Finnish 28 Jun 86 p 25

[Article by Kalle Heiskanen: "Striving to Balance Trade with More Imports; New Era Bringing New Men into Soviet Foreign Trade Organs"]

[Text] Finland's imports from the Soviet Union will increase by a billion rubles, or 7 billion markkas, during the next 4 years. There are some 50 different products on the schedule. The most important items are oil, coal and natural gas.

A new general agreement protocol concerning imports from abroad was signed on Friday, the last day of Soviet Foreign Trade Minister Boris Aristov's visit. More imports are needed to balance the export surplus produced by the collapse of oil prices.

Foreign Trade Minister Jermu Laine was of the opinion that the worst problems of the trade imbalance have been solved. "The people of Finland will be satisfied with this week," Laine assured Foreign Trade Minister Aristov.

On the other hand, there were also unresolved problems. Foreign Trade Minister Aristov indeed said that no one can say what the situation will be even next year. The additional imports will come to 250 million rubles, or 1.7 billion markkas, a year.

This year at least, we will not achieve balance. According to Minister Laine, we will have to resort to a credit limit of 300 million rubles, or a couple of billion markkas. Laine said that whether we achieve balance by means of this by the end of this year will depend on additional imports and the evolution of oil prices.

Finland's export surplus will also be reflected in the annual negotiations on the trade agreement as regards next year. The negotiations will begin as early as the end of August and our officials are indeed facing an exceptionally difficult fall session.

#### More Finished Products, Fewer Raw Materials

According to Minister Laine, the supplementary protocol is not a maximal schedule. Finland still has additional wishes. How the Soviet Union is able to respond to them is another matter. The fact that, in addition to its active role of seller, Finland often has to operate as a buyer that initiates the transaction has also been a problem.

Minister Aristov promised that Finland's new purchase schedule would be closely examined in Moscow. According to the minister, trade should be balanced by his next visit to Finland by also developing joint production. He also hoped that the percentage of finished products would increase and that there would be a change in Finland's emphasis on raw material imports in terms of their exports.

Laine's remedies were the promotion of compensatory trading and the elimination of red tape. According to the supplementary protocol, next year we will begin to receive an additional million tons of coal and oil a year. The oil purchased by Neste is a so-called reexport item, so it does not go to the Finnish market.

There will be from 1,500 to 2,000 new passenger cars in addition to the current 1,500 cars a year imported. There will be 100 kg of platinum a year. The Soviet Union does not use gold to balance reciprocal trade, although it does sell it for Western currency.

Fifteen million kg of tye and 2 million kg of frozen shrimp will be imported.

#### New Men, New Attitudes

At the same time the collapse of oil prices has brought the value of oil imported from the Soviet Union down to half what it was, new men are stepping into key posts in the Soviet Union.

According to unconfirmed reports, Deputy Foreign Trade Minister A.N. Manzhulo, who has for a long time done business with us Finns, is going into retirement.

The functions he is responsible for are being transferred to Deputy Foreign Trade Minister V.I. Vorontsov, who formerly served as trade representative in Finland. At present the acting trade representative is V.D. Pugin.

The absence of Dr Yuriy Piskulov from Foreign Trade Minister Aristov's party is of most concern to Finns. Piskulov, who had served as acting head of the Western Trade Department, was passed over and Yuriy Ledentsov, who was also in Finland this week, was appointed responsible for trade with the West.

If Pugin's appointment as commercial representative in Finland is made permanent in the near future, according to our sources, that would have to be interpreted such that Piskulov, who speaks fluent Finnish, is definitively out of the picture, at least as concerns the handling of Finnish-Soviet trade relations.

A person who has long occupied a key position in the Soviet trade observed on Friday that we Finns should no longer build too much on personal relations, but on the cold facts of trade.

#### Chernobyl Accident Aids Exports

Helsinki HELSINGIN SANOMAT in Finnish 28 Jun 86 p 25

[Article by Saska Saarikoski: "As Much Electricity As Produced by Chernobyl Will Be Imported from the Soviet Union"]

[Text] As of the beginning of next year, the Soviet Union will deliver as much electricity to Finland as is produced by the Chernobyl power plant that was involved in the accident.

The agreement signed by Foreign Trade Ministers Boris Aristov and Jermu Laine will increase imports of Soviet electricity by a billion kWh a year. If we like, this increase may be visualized like this: Suppose that up to now a 600-Mw nuclear power plant smaller than the one in Olkiluoto had produced electric power for Finland, as of 1987 we would need a 900-Mw plant nearly the size of the one in Leningrad — or Chernobyl.

The comparison is perfectly justifiable since Finland's electricity comes from the Leningrad area where it is generated with the same kind of equipment as at the Chernobyl plant involved in the accident.

No one seems to know — or even care either — whether the namesake plant of the Finns' own power plants generates electricity for export beyond the eastern border.

Minister Laine, who concluded the agreement, said:

"We don't know since electricity is not labeled. Over there they undoubtedly have many forms of generation in operation; it's hard to say which kind of electric power we receive here.

"And how then should we react to it if it is electricity generated by nuclear power? We are buying electricity; we don't attach ethical considerations to it. In what way would Finland's safety be increased by our not buying electricity that may have originated at a nuclear power plant?"

Soviet electricity enters Finland via Imatran Voima (IVO) [Imatra Power Company]. IVO buys electricity and carries it to the consumer along its power transmission lines.

IVO information chief Antti Ruuskanen said:

"We here don't know how the electricity we buy from the Soviet Union is generated. Electricity produced for Finland certainly comes from Leningrad since it would not pay to bring it in from farther away than that. In addition to nuclear power plants, there are water power, natural gas and oil in the Leningrad area."

Electricity produced with gas and oil is too costly for export. On the other hand, nuclear power generated electricity is especially well-suited for export because there is a steady flow of it summers and winters.

Olli Tammilehto of the Evy Energy Policy Association said:

"I believe that most of the electricity to be imported from the Soviet Union originates in nuclear power plants. In a way importing nuclear power generated electricity from abroad is even more to be condemned than generating it in Finland is. Ethically considered, electricity consumers will have to bear production risks too."

In Leningrad the risks are not far off. It is less than 100 km from the power plants to the Finnish border and a good 200 to Helsinki. Electricity imports from the Soviet Union have now increased for the last time in a long time. Power transmission stations are operating at full capacity and building new ones would mean an investment of hundreds of millions. Aside from this, a rule is observed in our energy policy according to which a single production or import point may not be equal to over 10 percent of electricity production. That limit has now been reached.

At least there will be no question of electric power the next time they look for reciprocal purchases for Rauma-Repola's shrimp-processing plant.

#### Paper Comments on Visit

Helsinki HELSINGIN SANOMAT in Finnish 28 Jun 86 p 2

[Editorial: "Reassuring Message"]

[Text] New Soviet Foreign Trade Minister Boris Aristov's visit, which has now ended, was unable to at one fell swoop produce a solution to the problems of the balance of trade between our countries. There simply is no such solution. His visit has, however, provided us with the reassuring certainty that our exports to the Soviet Union need not be dependent on the short-term fluctuations of world market oil prices.

In connection with the visit, the Soviet Union has committed itself to over 7 billion markkas worth of additional goods shipments during the next 4 years. That is, these shipments will come to us "free of charge" to bridge the gap in Soviet exports caused by the sharp drop in the price of oil. This means that we do not need to reduce our exports by an equivalent sum.

It was not an entirely simple matter to agree on a joint schedule of goods shipments. Since finding machines and equipment suitable for import is still a difficult and troublesome business, the Soviet Union has again agreed to increase shipments of many conventional raw materials like oil and coal. We will, to be sure, have to sell a million tons more of oil a year abroad because our imports exceed our current oil consumption.

The measures that have now been agreed on will probably not be sufficient to balance trade over the entire 5-year period that has begun. It will depend on the evolution of oil prices, for which there is no reliable advance information on the next 3 or 4 years. Since, as far as this year's trade is concerned, there will not be time enough for it to increase to any extent worth mentioning, we will have a fairly large export surplus. It will be in excess of 500 million rubles, or over the 2-billion-markka mark, up to which point special account arrangements were earlier agreed on.

Of most importance is the fact that the Soviet Union approves of trade as the point of departure for achieving balance within the framework of the 5-year period. This too may prove to be a demanding task if the evolution of raw material prices continues in its present direction. This is why those of us who trade with the Soviets and our officials must adopt a more vigorous attitude than before toward thinking of ways aimed at increasing imports, joint production and compensatory trade, not even the first of which have we yet accomplished.

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## INDUSTRY MINISTER REVIEWS ECONOMIC PROBLEMS, SOLUTIONS

Paris L'USINE NOUVELLE in French 19 Jun 86 pp 50-53

[Interview with Alain Madelin, minister of industry, posts and telecommunications, and tourism, by Rene Le Moal, Alain Pauche, and Patrick Piernaz; first three paragraphs are L'USINE NOUVELLE introduction]

[Text] Alain Madelin did not choose his dossiers for the summer. The Renault dossier arrived 3 months ago, and it has not gotten cold. The Normed dossier slipped in a few weeks ago, and it is already getting overheated. Alain Madelin has told L'USINE NOUVELLE that people must not count on him to say how Renault or CDF [National Coal Board] Chemicals can be straightened out. But for the first time, on a case-by-case basis, he is making his policy clear and laying down the limits he considers acceptable.

Alain Madelin, 40, is a delegate general of the Republican Party and has been a deputy for Ille-et-Vilaine for the past 8 years. He has a reputation for not keeping his ideas to himself. And throughout the interview he granted to L'USINE NOUVELLE, the minister of industry lived up to his reputation. But the liberal theoretician, perhaps a little too impetuous at first (his budgetary hara-kiri surprised company heads), is mellowing--realism requires it. When firms are no longer operating in a market economy--as is the case with steel mills and shipyards--one must draw the conclusions, and Alain Madelin is yielding. Not without complaining! But by endeavoring to resituate his action within a policy he defends with conviction. He says in this interview: "There is not and there will not be a Madelin plan for Renault. But there will be a Besse plan."

Alain Madelin appears to be in a hurry. Actually, he is rather cautious. Is the reform of aid to industry too big a bite to chew? He appoints a committee to look into it. The deregulation of energy and telecommunications is also being studied by a small group of business leaders he recruited and by civil servants who share his views. Alain Madelin looks ahead. One might think that his horizons would be restricted by the dossiers he has selected and those he must deal with. The minister of industry is proving the opposite.

L'USINE NOUVELLE: You had scarcely been named minister of industry, posts and telecommunications, and tourism before firms in serious difficulty approached

you asking for the financial assistance necessary to their survival. Renault moved the fastest. Then came Usinor and Sacilor. You say you are the minister of firms rather than of industry, but today you are still the minister of sick firms. In what spirit are you tackling those "hot" dossiers?

Alain Madelin: Yes, it is time to talk about industry in terms of firms, not in terms of industries or, even worse, lines of products. I don't want to play industrial Meccano any longer. I am not going to call company presidents in and give them orders or impose my plans on them. That is the easiest solution and the one most consistent with our administrative practices. But I am going to do my best to resist that temptation. The intoxication of dirigisme has not affected me.

[Question] Inadequate competitiveness and lack of adaptation explain why many firms have run aground. Renault is no exception to the rule, but it is also undercapitalized. How is state-owned Renault going to overcome its problem?

[Answer] As you have just said, the problem is one of competitiveness. When you point out that the productivity of European car makers is about 15 years behind that of the Japanese, it makes one think. But the situation is not hopeless. I have requested a study of some of the large worldwide firms which drifted for a while but which have recovered in recent years, particularly Chrysler and Fiat. Their example shows that Renault's recovery is possible.

[Question] But how?

[Answer] That is up to Renault and its chairman, Georges Besse. There is not and there will not be a Madelin plan. But there will be a Besse plan. The group has lost 27 billion francs over the past 5 years. Equilibrium must be restored at all costs between now and the end of 1987.

[Question] Have you asked Georges Besse to speed things up?

[Answer] I repeat that the objective is to restore equilibrium between now and the end of next year. That objective is influencing the kind of aid that may still be requested of the state: an appropriation to capital or conversion of part of the enterprise's debt into stockholders' equity. I am prepared to help Renault, but not in just any way or at any price. State-owned Renault is eventually going to have to change its status and become a firm like any other. I am also very concerned that there should be fair competition between Renault and Peugeot. It would be unacceptable to bring about Renault's recovery with taxpayers' money to the detriment of the PSA [Peugeot Corporation] Group.

[Question] Lee Iacocca, the head of Chrysler, pruned his activities to save what was essential. If Georges Besse decided to follow his example and get rid of the RVI [Renault Industrial Vehicles], would you approve? And if he sold his interest in American Motors, would you support him?

[Answer] It is not likely that Renault's recovery can occur without selling assets and restructuring the group's activities. Chrysler has shown the way.



But it is not up to me to say what must be done. Deciding on the means to be employed is the responsibility of the firm's management.

[Question] Will Renault be privatized in 1988?

[Answer] It is not the state's business to produce automobiles. And someday it will surely stop producing them. That being said, the denationalization of Renault is not included in the government's privatization program. The urgent task today is to turn Renault into a healthy and competitive enterprise.

[Question] It is not the state's business to produce steel, either. The situation at Usinor and Sacilor is as serious as that at Renault. The only difference is that the recovery of those two steel producing enterprises cannot be seriously scheduled for the end of 1987. It will be necessary to adapt their structures and to make choices. Are you favorable to a regrouping of the two enterprises, or do you feel that appointing a single manager to head both Usinor and Sacilor is sufficient to open the door to recovery?

[Answer] As long as Jean Gandois, who is in charge of a study mission concerned with the iron and steel industry, has not submitted his report to the government, I cannot announce any decision, of course. Jean Gandois will inform us of his conclusions, and decisions should be reached by August.

The situation in the iron and steel industry, as presented in Jean Gandois' preliminary conclusions, is even more disturbing than I had thought.

[Question] As a financial bottomless pit, CDF Chemicals is proportionately even more frightening than Sacilor. Is the plan which was submitted to you by the management of CDF Chemicals, and on which the state, as a stockholder, will base its financial aid, satisfactory?

[Answer] The recovery plan for CDF Chemicals remains to be put together. While I do have some facts, so far I do not have a credible plan. What has been done at CDF Chemicals to date is not reasonable. The prospect of giving it another 5 billion or 6 billion francs in fresh money from the taxpayers when it has just wiped out an equivalent amount in accumulated losses through 31 December 1985 by writing off debts owed to the state and mortgaging the real property belonging to the North Coal Mines is frightening. With that money, we could finance at least two employment plans for young people.

[Question] How must CDF Chemicals be managed?

[Answer] I am not the head of CDF Chemicals, and God forbid that I should be! To a large degree, the reason why CDF Chemicals has deteriorated to such an extent is that under the 1982 Chemical Industry Plan, the previous government loaded it down with Rhone-Poulenc's and Pechiney-Ugine-Kuhlmann's worst assets. You must admit that it was an exaggeration, after that, to credit nationalization with the recovery of those two last-named enterprises!

[Question] Shipbuilding is an even thornier problem, is it not? Normed is being financed by the government, and its order book is empty. Logic would

require either that some shipyards be closed or that they be nationalized if their activity is regarded as strategic. Is there another choice?

[Answer] The shipbuilding industry is a nightmare for all countries. The shipyards in Europe are no longer competitive. Shipyards are being closed down everywhere. Even in Japan and Korea! The situation is ridiculous. For years the government lied and kept false hopes alive. In 1981 it led people to believe that we could build 430,000 gross register tons, hire 1,500 people, and keep five yards going forever.

When the budget was being prepared, Pierre Beregovoy talked about shipbuilding as being a bottomless pit where money was concerned and felt it was necessary to review aid to Normed and close one shipyard. But nothing was changed. From special subsidy to special subsidy, the government concealed the fact that Normed was bankrupt and left the solution up to its successors.

This situation can no longer continue. The previous government was well aware of that, incidentally, but it lacked the necessary courage to take the imperative steps in time. It renewed the aid mechanism for shipbuilding for 6 months only. The expiration date was set at 30 June 1986--a system condemned by the Audit Office, which issued a report in February in which it denounced the seriously underestimated amount set aside in the 1986 budget.

There is no better illustration of the budget bomb bequeathed to us. So we must build up another aid mechanism that will also have to take into account the directives from the Commission of the European Communities. Incidentally, that commission is recommending the establishment of even stricter rules before the end of this year, and we should be complying with them even now.

I feel, however, that the current system of aid based on orders and amounting to 20 percent of the price of the vessels is inadequate, considering the undercompetitiveness of European shipyards. That is why I have asked the commission to increase that ceiling and to facilitate the restructuring of shipyards through social plans.

[Question] So you will support the shipyards?

[Answer] We will not stop building ships, but it will be done under a new system of aid. It will be up to Normed and Alsthom to draw the proper conclusions.

[Question] So you are agreeing to act on some occasions as a "paramedic" for the firms?

[Answer] The new system of aid will be based both on aid in obtaining orders and on aid for reconversion. There is no question of eliminating the state's effort, but neither is there any question of continuing to pursue an ostrich policy, as has been done for several years.

I would like to offer some real reasons to live and hope. The money that will not be provided as an outright grant in the future will be provided for

reconversion, for people, and for the creation of sound and lasting jobs. We are not trying to save money but to provide solutions.

[Question] Is shipbuilding a strategic industry?

[Answer] Less so than it was in Colbert's day. A certain volume of shipbuilding is strategic, however. The naval shipyards provide what the country needs militarily. As far as the merchant marine is concerned, it is necessary to maintain potential capacity, not permanent overcapacity.

[Question] The third Multifiber Agreement, which protects textile industries from the production coming from the developing countries, will expire this coming 31 July. In Brussels, France has been the country most insistent upon protection. Do you agree with that stand, which is also defended by French textile manufacturers?

[Answer] Renegotiation of the Multifiber Agreement is being carried out within the framework of the European Commission and the terms of reference issued to it last 1 March. I have asked Willy de Clercq to respect those terms of reference scrupulously. But I no longer have the power to alter those terms, which are strongly criticized by the textile industry. At any rate, we will see to it that they are rigorously enforced. That being the case, I want to emphasize that it would be a mistake to try to solve the problem of competitiveness in the textile industry solely through protectionist measures. We also need high-performance firms, good products, and good brands. The industrialists are aware of that.

[Question] You have undertaken a study of the various systems of aid to industry, particularly the role of the Industrial Modernization Fund. How far have you gotten? Which kinds of aid strike you as useful? Aren't you afraid that if we eliminate them more rapidly than our competitors do, the competitiveness of our firms will be reduced, considering that aid to firms still amounts to 1.4 percent of GDP in the FRG, 2.3 percent in Great Britain, and 1.7 percent in the United States, compared to 1.9 percent in France?

[Answer] Your question needs to be restated in terms of the overall system of aid. A commission under Roger Martin has been set up for the analysis and reform of aid to industry. The maze of subsidies of all kinds is extraordinarily complex, and we needed to get a clear picture of it. But I may take the preliminary conclusions into account in connection with the 1987 budget. After that, we will have to go even further.

Our intuitions were correct: about four-fifths of the approximately 90 billion francs in aid goes to large firms, and two-thirds are concentrated in a small number of nationalized enterprises. Moreover, many mechanisms have perverse effects and result in waste.

My conviction is that we must find mechanisms which will not place the PME [small and medium-sized businesses] at a disadvantage and that we must always choose horizontal measures that can benefit everyone, without arbitrariness on the part of the offices concerned. What we must curb are vertical measures,

which are easy to implement and often popular but whose perverse effects outweigh their positive effects.

We are trying to discover the most effective system primarily by taking our inspiration from foreign experiences. It is already known that aid for big technological programs is useful. But an attempt could be made to get the PME more involved in those programs.

Mechanisms of the ANVAR [National Agency for the Valorization of Research] type seem to be less poorly adapted than the others and, in general, everything aimed at the PME and technological innovation.

[Question] Engineering is at the heart of industrial redeployment in all the developed countries. Industrial modernization in the FRG, the United States, and Japan depends on it. But the French engineering industry is afraid that it will not be able to catch up with its competitors if effective investment incentives are not adopted. Why have those measures not been adopted?

[Answer] The manufacturers of equipment goods are putting up a strong argument. Despite that, I distrust sectoral plans. Even though many sectors are able to find completely convincing arguments.

Moreover, at a time when intangible investments such as expenditures on research and development, commercial expenditures, and even advertising campaigns are taking a growing share of investment by the firms, there is reason to question the validity of measures aimed at promoting solely investments in tangible goods. Generally speaking, it is necessary to stop setting supposedly noble sectors (industry) over against others that are supposedly less noble (services).

The equipment goods firms are not demanding specific measures. They are asking for measures to promote industrial investment. There is no question that the competitiveness of the firms and of France depends on an increase in their investment in productivity.

[Question] So how can the deterioration in industrial investment be halted?

[Answer] Primarily through profit!

[Question] What else?

[Answer] It is true that we are dramatically behind our competitors when it comes to investment. But to ensure good investments, we must have profit: the prospect of profit to justify those investments and profits today to help finance them.

[Question] Is the investment tax credit a good formula?

[Answer] In the absence of profit, an incentive mechanism may be useful, but I believe it is less effective than a policy aimed at restoring the financing capability of the firms.

[Question] Would the investment tax credit be compatible with the recent lowering of the tax on business profits?

[Answer] The government chose a horizontal measure: the profits of firms are being built up again to allow those firms to invest and hire more people. That is the right path. Worldwide competition to encourage savings and investment is becoming formidable. Look at the United States, for example, where an ambitious tax reform has been underway for 5 years: they are now contemplating reducing the corporation income tax to 33 percent and the marginal income tax bracket to 27 percent.

[Question] How can businessmen be encouraged to expand their firms? And how can the French be turned into a nation of entrepreneurs?

[Answer] The government can and must take steps to promote the establishment of firms. In the United States in 1985, 700,000 firms were established. They were the work of the baby boom generation. In France we have the same generation and the same dynamism. But that generation's energy is hampered by many obstacles. First it is necessary to eliminate the legal, financial and bureaucratic obstacles that are blocking the establishment of firms. But it is also a cultural problem.

Cutting red tape is one thing; promoting risk taking is another. Our culture condemns profit and risk and favors unearned income. The state is living beyond the means of the French and is the chief user of the financial market: that is why it compartmentalizes things and establishes rules favoring bonds over stocks. Let us try to liberate society rather than managing a blocked society.

[Question] What power do you have to change society?

[Answer] I have my powers as a minister, but I also have the power to speak to help chase away false ideas. In every successful country, there is a government that expresses the new culture of enterprise.

[Question] You have undertaken to reform the Ministry of Industry. Why?

[Answer] The Ministry of Industry is heir to the ministry in charge of production and supply. It has become more or less the symbol of dirigisme. The men and women in this ministry are competent, and I hope to make better use of them. The authority of this ministry must not be based on subsidies, the "money window," regulation, and supervision, but on competence and the service provided to firms.

Fewer vertical policies and more horizontal policies: energy, quality, competition, taxation, the establishment of firms, and so on.

[Question] Why did you decide to subject the CGE [General Electric Company], which signed a telecommunications agreement with AT&T a year ago, to a second round of scrutiny? What does that project need before it can be considered a good agreement?



[Answer] The CGE's strategy is leading it to go international, like its worldwide competitors. It is attempting to penetrate the U.S. market, and it considers an alliance with AT&T to be the right way to go about it, all the more since the draft agreement enables it to confirm its prominent position in the field of radio links. That being said, I must compare that proposal with others and consider, together with the secretary of state for posts and telecommunications, the state's strategy as a customer and its constraints.

[Question] What are those constraints?

[Answer] In an attempt to open up the U.S. market to its telephone exchanges, the CGE is, in a sense, negotiating away a share of the French market. The government is therefore concerned because it is directly responsible for telephone service. We want to be sure of obtaining the best equipment at the best price: the DGT [General Directorate of Telecommunications] needs a second supplier. That is why we must examine every possibility. I want to clarify our choice, not exclude the CGE.

[Question] Are you favorable to a European solution?

[Answer] Anything that strengthens European cooperation is a good thing.

[Question] Is the deregulation of telecommunications underway? Why aren't you opening up markets more quickly? Why aren't you breaking up the monopolies more quickly?

[Answer] I am in favor of opening up government contracts to competition and of doing so in a European context. But we must not be naive: recognition of common standards for telecommunications terminals is one thing, the mutual opening up of markets is another, and so on. For its part, France is very open. It is our European partners who must catch up with us.

[Question] You have said that French energy products are taxed excessively. When will the firms be able to buy fuel oil and industrial gas at the same price as their West German competitors?

[Answer] It is necessary to straighten out the taxing of energy. We were not able to do so in the budget bill. That is now one of the government's priorities. We are working on it, and we are also working on deregulation of the energy sector to adapt it to the new context and promote the economy's competitiveness. I am the advocate within the government of competitiveness for the firms.

[Question] Are European programs of the Eureka type useful?

[Answer] The industrialists think they are useful, and I feel that the strengthening of European cooperation is moving in the right direction. But it must be realized that that cooperation is not yet natural and that it costs something. So incentives are necessary. Anything that promotes better cooperation must be encouraged with a view to the total opening up of markets by around 1992.



[Question] Is it not true that the government's ability to communicate is inadequate?

[Answer] That is a question I put to a member of the Reagan team. He told me that it took President Reagan 6 months to master communication by his administration. We are going to try to do it a little faster.

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## UNFAVORABLE BALANCE OF TRADE WITH ARAB COUNTRIES

Athens I KATHIMERINI in Greek 8-9 Jun 86 pp 1, 3

[Article by N. Nikolaou: "Our Trade with the Arabs is Harmful"]

[Text] Our trade relations with most countries in the Middle East and North Africa tend to become one sided and harmful to the Greek economy. Mutual interest, which is the basis of trade between states, has already disappeared in the case of our country since our transactions with the Arabs leave such deficits that the foreign balance of our economy is being threatened.

This deterioration took place in recent years and a series of indices show that this is not unrelated to the government's overall foreign policy, which --oriented as it is toward a permanent controversy with the West--remained indifferent to our interests in other markets where swift changes were taking place--to our detriment. The government knew early enough of the critical turn in Greek-Arab trade, since business associations had drawn its attention to the danger and had asked for immediate corrective measures.

The following impressive data testify to the critical situation existing today: In 1981 our trade with the Middle East and North African countries left a negative balance of 453 million dollars to the detriment of Greece. In 1985 the deficit reached 1.623 million dollars, i.e., it increased four-fold!

This unfavorable development is the result of a continuous shrinking of our exports to the Arab countries; these exports of 1,233 million dollars in 1981 fell to 799 million in 1985. At the same time our imports of 1,686 million dollars in 1981 went up to 2,422 million in 1985. In other words, our exports now cover only 33 percent of our imports, while in 1981 they covered 73.1 percent.

But not all countries of the area are responsible for this situation. With some of them, such as Egypt, Syria, Lebanon or Jordan, our balance of trade is positive. The negative balance is with five countries, namely, Algeria, Libya, Iraq, Saudi Arabia, and Kuwait. Our trade transactions with these countries in 1985 left a negative balance which reached 1,839.2 million dollars, a sum which accounts for 32.5 percent of the entire deficit in our balance of trade!

This negative development has outraged even some government officials. During a recent meeting at an economic ministry, a government official said that our country, which has insufficient foreign exchange reserves for the needs of even 1 month and which borrows under heavier terms, cannot possibly continue to subsidize the rich Arab countries.

Displaying great indignation, he emphatically pointed out that these data are so overwhelming that a third party could accuse Greece that through these trade deficits the country finances part of the cost of the Iraq-Iran war or the adventurist policies and terrorist activities of Qadhafi.

These charges may appear extravagant but certainly they are not without foundation, if one takes into account that the government, although aware of this negative development in our trade transactions, notably has failed to take any measures, but instead, with its indifference, encouraged the Arabs to behave toward us even worse.

Indeed, the government keeps a guilty silence about deficits in the Greek-Arab trade while it magnifies every problem in our economic relations with the Western countries and particularly EEC, and turns it into a feud, letting its propagandists engage in an orgy about our country's exploitation by the capitalists!

#### Turkey Moves On...

Turkey takes full advantage of this tolerant attitude by Greece, and systematically promotes its own exports to the Middle East to our detriment. At the same time Turkish construction companies have taken away all projects from our own which now leave Iraq, Saudi Arabia, Libya, etc. Turkish exports to the oil-producing countries of the Middle East alone amounted to approximately 2,500 million dollars, while ours were only 799 million, including those to North African countries. Turkey's example clearly shows how our neighbor utilized its oil purchases from the Arab countries to push its products, something we failed to do!

Indeed, since 1983 it has been a buyers' market in oil because supply exceeds demand. Greece remains fully tied to five Arab countries from which it gets all its oil supplies. In this way our country failed to take advantage of favorable offers by other oil-producing countries or at least to press the Arabs to buy our products.

We must add at this point that even for those few exports to the Arab countries we had to spit blood to get our money, since unpaid bills and bribes are two of the trade peculiarities in this area.

#### Exact Data

Let us see in greater detail our transactions with these countries:

ALGERIA: In the last 10 years our trade went through 2 stages. During the first phase in the years 1976-1981 the balance of trade was positive for our country, i.e., our exports to Algeria were worth more than our imports from it. During these 6 years we had a positive balance of 215 million dollars. In the 1982-1985 4-year period, the situation reversed itself, closing with a deficit of 335.8 million dollars for the period!

LIBYA: Until 1979 we had a positive balance for our country. The deficits started after 1980 and since then increased geometrically. In 1985 our exports amounted to only 47.3 million dollars. While Libya almost stopped buying our products (in 1981 it had bought 222.5 million dollars), the PASOK government, as though it could not find oil elsewhere, bought 559.8 million dollars worth of oil from Libya without pressing Qadhafi even as a bargaining point. The result was a 512.5 million dollar deficit for Greece!

IRAQ: Between 1976 and 1979, our trade transactions showed a deficit for our country. They became positive in the 1980-1982 period only to turn negative again after 1983. In 1985 Iraq bought only 45.4 million dollars worth of Greek products while we lavishly spent 478.2 million for oil. This resulted in a 432.7 million dollar deficit for our country!

SAUDI ARABIA: Our trade always left a negative balance for us, but the situation worsened in the last few years. In 1985 Saudi Arabia bought Greek products worth 180.9 million dollars, while we bought mostly oil whose value totaled 822.2 million. A deficit of 641.3 million dollars!

KUWAIT: During the last 10 years our trade had a positive balance for 7 years and a negative balance for 3: In 1977, 1979, and 1985 when the corresponding deficits were 28.9, 16.1, and 139.6 million dollars, respectively.

For 1986 we have data only for the first 2 months. However, K. Simitis, minister of the National Economy, speaking a few days ago to the Greek-American Conference on investments, did not conceal his fears that our exports to the Arab countries will be more difficult in 1986.

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## MEASURES DEMANDED TO CURB 'PARAECONOMY'

Athens TA NEA in Greek 4 Jun 86 p 6

[Article by Pandelis Kapsis: "Despite All Restrictions the Paraeconomy Flourishes"]

[Text] The recent developments in the Greek economy caused concern--probably justified--over the effectiveness of the economic policy the government follows.

Six whole months after the adoption of restrictive measures, the buying "explosion" that started in 1985 continues without any real indication that it could come to an end.

During the first quarter of 1986 imports, excluding petroleum, increased by 100 million dollars compared to the corresponding quarter in 1985.

Store sales--which are one of the indicators of private consumption--increased by 0.6 percent while in the 1985 corresponding period they had declined by 0.4 percent.

If these changes continue into the second quarter of 1986 it will be certain that the main target of the economic policy--limiting the foreign deficit to 1.7 billion dollars from 3.3 billion in 1985--will be hard to achieve.

In the face of these facts, the National Economy Ministry remains reserved in its statements. Minister K. Simitis said: "The facts we have so far do not allow a clear forecast." But he adds, thus giving a sign of his future intentions, that there are "certain points requiring caution" and that the improvement already achieved, although not negligible, "is not what we hoped for."

No Leniency

Unofficially, the message the ministry wants to pass "in every direction" is that no deviation from implementation of the economic policy will be tolerated.

Ministry officials believe that only after the June data are in will they be in a position to have a picture of the effectiveness of the economic measures.

However, at the same time, in explaining the Simitis "points which require caution," they note that there have been excesses in the government's monetary plan, and there should be an early effort to counter them.

Of course these excesses mean that more money circulates today in the market place than initially planned. In the end this supports--and to a degree explains--the keeping of consumption and imports at high levels.

According to the ministry's assessments, the excesses are due to the following:

1. The high level of the deficit in the public debt, which exceeded initial estimates made at the end of last year. This rise resulted in increased borrowing needs for the government.
2. The somewhat lax implementation of the credit policy to the private sector and the granting of loans over and above limitations of the monetary-credit plan.

Thus, in the following months we should expect a more strict observance of the government's monetary policy and even greater limitations on lending, both to the private and public sectors.

However, in spite of these deviations, cadres of the National Economy Ministry are optimistic that targets of the economic policy will be achieved by the end of the year. They draw attention to the satisfactory course of inflation--which moves below initial forecasts--and also to the significant (as they claim) decline in the public sector deficit during the first 4 months of 1986.

#### Revenue Has Gone Up

According to existing data for the period of January-April 1986, public revenues increased by 33 percent while public expenditures held back.

They also emphasize that in the balance of payments, in spite of the increase in imports, there is a small improvement in the overall deficit, while the decline in oil prices creates favorable conditions and a wider leeway for achieving the initial goals.

Whether this optimism is justified or not, the question remains whether the increase in imports is due only to the delayed after effect of the drachma devaluation or to increased liquidity in the economy resulting from violations of the monetary-credit program.



Or, on the contrary, shall we seek an explanation of these phenomena in the support given to consumption and imports by income which escapes the official statistics, that is, income produced by the underground economy (paraeconomy) which more than offsets the decline in the income of those receiving wages and salaries?

#### This Is Not a New Phenomenon

Something of this sort cannot be proven statistically because naturally, there are no data. Officials of the National Economy Ministry claim that the paraeconomy is nothing new and, therefore, there is no reason to believe it has expanded.

Unfortunately, this is not so, because in a period of austerity and economic difficulty, and following the devaluation of the drachma, one should expect a rise in speculation and tax evasion. The underground economy is not some isolated section of the Greek economy. It functions side by side and as an addition to legal business activities. It also helps precisely to violate "restrictions" imposed by any economic policy.

The fact that the increase in consumption and imports, and to such a degree, moreover, goes on for so many months after the introduction of economic measures--in other words when one would have expected reductions in wages and salaries to have their impact--certainly supports such an assumption, and testifies most graphically to the growth of the paraeconomy.

This does not mean that the economic measures for economic stabilization imposed by the government were not necessary--far from it.

It means, however, that it continues to be equally necessary to complement them with measures to curb the underground economy. Such measures have been long under consideration, but they are slow in being implemented. [They are necessary] for reasons of social justice and economic efficiency.

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CSO: 352/177

## STATISTICS SHOW RISE IN UNEMPLOYMENT

Athens I KATHIMERINI in Greek 19 Jun 86 p 9

[Text] Data published by the National Statistical Service of Greece show that unemployment in our country represents 7.5 percent of the active population or a drop (3.5 percent) compared to last year, while between 1983 and 1984 it had marked a rise of 4.4 percent. According to these data the number of those employed is estimated at 3,588 million persons and the number of unemployed at 303,900 persons. Specifically, employment by categories of economic activity is as follows:

	Thousands of Persons
Total	3,588,500
Agriculture, livestock raising, fishing	1,036,900
Mines	28,900
Industry, handicrafts	678,700
Electricity, natural gas	31,600
Construction, public works	242,600
Business, restaurants, hotels	570,900
Transportation-communications	249,500
Banks, insurance companies, etc.	132,600
Services	615,900
Not declared	1,000

The above table shows that the branches with greater employment are agriculture, livestock raising, fishing (28.9 percent); industry-handicrafts (18.9 percent); services (17.2 percent); and business, restaurants, hotels (15.9 percent); followed by transportation-communications (7 percent); and construction, public works (6.8 percent).

For a review of employment and unemployment developments in the past 3 years we give below a comprehensive table for these years. (It should be noted that data for 1984 and 1983 have been revised and show small deviations from those originally published.)

	Persons in Thousands			Change Percentages	
	1983	1984	1985	1984-83	1985-84
Labor potential	3,841,800	3,868,000	3,892,400	+0.7%	+0.6%
Employed	3,540,100	3,553,000	3,588,500	+0.4%	+1.0%
Unemployed	301,700	315,000	303,900	+4.4%	-3.5%
Non-active	3,691,000	3,753,600	3,712,000	+1.7%	-1.1%

Of interest also is the development of employment by branches. The table below shows the relevant data in the past 3 years.

	Persons in Thousands			Change Percentages	
	1983	1984	1985	1984-83	1985-84
Agriculture, etc.	1,064,400	1,043,600	1,036,900	-2.0%	-0.6%
Mines	28,600	25,500	28,900	-10.8%	13.3%
Industry, etc.	679,400	679,100	678,700	0.0%	0.0%
Electricity, etc.	28,900	29,900	31,600	+3.5%	+5.7%
Construction, public works	275,800	254,200	242,600	-7.8%	-4.6%
Business, etc.	535,600	548,200	570,900	+2.4%	+4.1%
Transportation	250,500	261,200	249,500	+4.3%	-4.5%
Banks, etc.	123,500	128,000	132,600	+3.5%	+3.6%
Services	556,100	582,100	615,900	+4.7%	+5.8%
Non-declared	1,400	1,000	1,000	+4.7%	+5.8%

A comparison of the above data for the various branches shows that during the 1984-85 2-year period employment increased in the following branches: business, restaurants, hotels (2.4 percent in 1984 compared to 1983 and 4.1 percent in 1985 compared to 1984); banks, insurance companies (3.6 percent during the 2 years); and services (4.7 percent in 1984 compared to 1983 and 5.8 percent in 1985 compared to 1984).

On the contrary, there was a decrease in employment in these branches: agriculture, etc. (2 percent in 1984 compared to 1983 and 0.6 percent in 1985 compared to 1984); construction, public works (7.8 percent in 1984 compared to 1983 and 4.6 percent in 1985 compared to 1984).

The industry, handicrafts branch showed no changes, while the transportation-communications' branch showed an increase by 4.3 percent in 1984 compared to 1983 and a decrease by 4.5 percent in 1985 compared to 1984.

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## EUROPEAN INVESTMENT BANK LOANS: ANNUAL REPORT

Athens I KATHIMERINI in Greek 20 Jun 86 p 7

[Text] Brussels (Athens News Agency)--The approved 1985 annual report by the directors of the European Investment Bank [ETE] states that loans granted to Greece in 1985 by ETE amounted to 423.7 million European Monetary Units [ENM] or 58.3 billion drachmas (6.2 percent of the total) compared to 344.8 million ENM in 1984 (5.4 percent of the total).

More specifically, the report states that financing for infrastructure projects in Greece (303.3 million ENM) represents about three-quarters of the total. The projects financed included the international telecommunications network and the connection with navigational satellites Inmarsta, the pairing of about 1,000 kilometers of the national and rural road network and the modernization of regional airports and seaports, especially in the islands of the Aegean.

Other small or medium loans were for projects for cleaning coastal cities and reducing shore pollution. These projects were carried out by local self-government organizations and were financed through a total loan. In this connection, the report states that within a year several road and drainage projects were financed with a sum totaling 16.1 million ENM.

In the energy sector, loans of 71.7 million ENM will allow the continuation of work in the hydroelectric stations of Pigai, Thisavros and Stratos.

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## INDICATIONS OF ECONOMIC UPSWING ABOUND

Reykjavik MORGUNBLADID in Icelandic 8 Feb 86 p 28

[Text] The National Economic Bureau has put together a summary report covering the trends of change affecting the Icelandic balance of trade in 1986. This report reveals that there have been some significant changes for the better in the last few weeks.

As was indicated in last December's issue of the National Economic Bureau's publication AGRIP, the balance of trade changed little for the first three quarters of last year. On the other hand, however, a diminished balance of trade was expected, in the wake of the falling dollar in the second half of 1985; it was accordingly anticipated that they would be one to one and one-half percent lower in 1986 than the average figure for 1985. The government's economic budget, which appeared in October 1985, was calculated according to similar anticipated developments.

However, the last few weeks have brought significant changes for the better in our balance of trade. The price of frozen fish and salt fish has gone up, while the price of petroleum has gone down. Allowing for current price levels, this pushes the balance of trade two to three percent further in our favor than last year, and three to four percent further in our favor than what was anticipated in the last national economic forecast for 1986. Calculated according to the current exchange rate, the price increases on frozen fish and salt fish look like they could bring our export income up to 1,500 million more kronur in 1986 than was anticipated in the last forecast, if this favorable price level remains constant all year and if the exchange value of the American dollar does not go down.

For these figures to reflect reality, however, one precondition is necessary, a precondition which the Icelandic fish sales companies in the United States indicate may or may not remain in effect: the high price of solid cod (\$1.30 per pound) must stay in effect. On the other hand, the second most significant frozen product, the five-pound cod package, did not increase in price during the past year.

On the imports side of the ledger, the figures for petroleum are particularly significant. If the current petroleum price, the one that was fixed on the Rotterdam market at the end of January, holds out for the whole year, this means that Iceland's petroleum expenditures would be some 1,000 million kronur lower per year. However, there is much uncertainty, as is usually the case, concerning these figures. But it does not seem unreasonable to expect our oil bill to go down at least 500 or 600 million kronur, corresponding to 10 percent, this year.

Altogether, these fish prices and these petroleum prices from the end of January involve an upswing in the Icelandic balance of trade amounting to 2,000 million kronur or one and one-half percent of the gross national product. This figure, however, is based on the important precondition that improved trade opportunities must somehow have the direct result of increased demand and, along with that, increased importation. This means that what leeway we have for bringing down our trade deficit, slowing down inflation, and improving our living standards and/or the production levels of our businesses (by means of negotiations or government decisions) has to be less than this sum of money. Further, it would be advisable to take notice of the fact that these improvements in our trade opportunities are first and foremost the result of the recent upswing in our fisheries, which have been recently on hard times; whereas, on the other hand, our other exports are anticipated to continue in a downslide in the coming year. However, as time goes on, people will be hoping that falling petroleum prices will succeed in bringing down inflation abroad, lowering interest on the international market, and promoting economic growth in the developed countries.

#### Changing trends in our balance of trade, 1986

##### Changing trends abroad (calculated using average exchange rate)

	1985 Budget (made Dec. 1985) <sup>1</sup> %	1986 Forecast %	Calculated according to Jan. 1986 conditions <sup>2</sup> %
<b>I. Value of Exports</b>			
1. Marine products	2 1/2	0	5 1/2
2. Aluminum and silica	+/- 9 1/2	0	0
3. Other products	2	0	+/- 2 1/2
Total exports	1/2	0	3 1/2
Service exported	5	4	4
<hr/>			
<b>Total exports, goods and services</b>	<b>2</b>	<b>1</b>	<b>3 1/2</b>
<hr/>			
<b>II. Value of Imports</b>			
1. Individual goods imported	+/- 3	2 1/2	2 1/2
2. Petroleum	+/- 3	+/- 8 1/2	+/- 18
3. Other goods imported	3	3	3
Total imports	1	1	0
Service imported	5	4	4



Total imports, goods and services	2 1/2	2	1
III. Balance of trade, total	+/- 1/2	+/- 1	2 1/2
IV. Anticipated changes, in dollars			
Marine products	0	10	15
Petroleum	+/- 5	0	+/- 10

<sup>1</sup> Figures for general changes in foreign trade and changes in the price of oil were drawn particularly from the OECD ECONOMIC OUTLOOK No. 38, December 1985. Figures for marine products were largely taken from the current value as of December.

<sup>2</sup> Figures shown here are for balance of trade in 1986, assuming that the current price levels for marine products will remain unchanged for the entire year, and that the decrease in petroleum prices which has occurred on the Rotterdam market will remain in effect for some time. However, these figures do not accommodate the possible effects of the decreased petroleum prices on other branches of foreign trade, for example, fewer increases in import figures, increased level of international trade, etc.

<sup>3</sup> Figures here based on forecasts by ISAL concerning increased aluminum price, as well as forecasts by the Silica Refinery Company concerning decreases in silica prices relative to last year's average price.



#### GRAPH KEY

1. Development of Balance of Trade, 1972-1986
2. Ratios based on 1972 figures = 100 percent
3. New forecast made 1 February
4. National budget
5. Budget
6. Forecast
7. Source: National Economic Bureau

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## GOVERNMENT FINANCIAL AID REFUSAL SEEN THREAT TO PLANE INDUSTRY

Stockholm DAGENS NYHETER in Swedish 14 Jun 86 p 11

[Article by Goran Jonsson: "Government Says 'No'"]

[Text] The government refuses to provide financial aid to Saab-Scania and Volvo's future civilian aircraft-engine project.

"We are not willing to share the risk associated with the civilian aircraft project," said Department of Industry Undersecretary Jan Carling.

"Government policy with respect to industry is that industrial projects must be self-sustaining. I cannot imagine that the government would deviate from this policy," Carling continued.

Inasmuch as military orders are declining, Volvo Aircraft Engine and Saab Scania are trying to restructure their activity to allow for more civilian production. Saab expects that the civilian portion of its production this year will reach 50 percent for the first time. Volvo lies somewhat behind with a civilian production of 40 percent plus.

## A Gap

At the same time, there will be a gap in military orders because the Viggen project will be suspended in 1988 until the first JAS aircraft is ready to roll in the early nineties. This gap will have to be filled by an increased share of civilian production.

"If the government says 'no,' the situation would be serious for the aircraft industry," said Bengt Eriksson, incoming deputy director of Volvo Aircraft Engine.

"I do not want to make this an employment issue, but thousands of people would be involved in the changeover from military to civilian production. Our production has been designed to supply the military with planes and engines. Since the military is now cutting back on its orders, we will not be able to restructure

to allow for increased civilian production without financial aid from the State in terms of financing," said Eriksson.

Volvo and Saab both feel that this is not a question of government aid in the usual sense. The aircraft industry is an advanced high-technology industry and both firms are healthy and profitable. Furthermore, it is necessary to maintain production so as not to lose technical competence, which would have serious consequences for future military production.

#### Natural

This makes their situation completely different from that of the textile industry, for example. It is only natural that the government provide financial aid to the aircraft project, according to Volvo's Eriksson. It has always been this way.

"All countries interested in developing their aircraft industry provide financing of this kind. This is not unique to Sweden. It is quite simply a matter of the industry's circumstances. Projects of this kind require such enormous investments that no firm can do it alone," said Bengt Eriksson.

In a project like this, Saab and/or Volvo become the partners/suppliers of a larger aircraft manufacturer like Boeing or McDonnell Douglas, for example.

The cost of financing the project is very high and so are the risks. Therefore, the companies in question want the State to assume part of the risk. In return, the state will get x percent of the profits when and if the project becomes profitable.

"The profits do not equal the high risk. These firms will have to turn to the Industry Fund for help," said Carling with the Department of Industry.

#### Not Enough

The Industry Fund's loan ceiling has been raised to 50 million kronor, which is not enough in this case. However, even if Saab and Volvo have need of more than this, their requirement is far less than the 2 billion which the mass media are talking about. All the parties involved absolutely repudiate this figure.

"For a time, the total amount for Volvo and Saab combined was 700 million kronor, but the figure is exaggerated. Our discussions last spring concerned a lesser amount," said Carling with the Department of Industry, which together with the Departments of Defense and Communications will determine the future of Sweden's aircraft industry.

However, despite its awareness of declining military production, the government does not want to financially aid any of the projects submitted by Volvo and Saab.

Among Volvo Aircraft Engine's projects is a stationary gas turbine engine for General Electric.

#### Cooperative Venture

Saab Scania together with three other aircraft companies in Norway and Denmark recently formed the Scandinavian Aircraft Group (SAG), a cooperative venture to enhance their position with respect to the international market.

Saab's future projects include the Fokker 100, a new intermediate-range aircraft (an SAS alternative when it comes time to replace its entire fleet of intermediate-range aircraft), and the MD11, an advanced version of the DC10, which will essentially be longer range. The idea is that Saab shall manufacture the tail section of the MD11.

Saab is also supposed to help design Boeing's new intermediate-range aircraft, the 7J7, an advanced aircraft with a so-called prop-fan engine, i.e. jet engine with propellers, very simply expressed.

Saab-Scania Deputy Director Georg Karnsund said he had no comment whatsoever.

8952

CSO: 3650/246

## ECONOMY, OUTLOOK FOR GROWTH SEEN STAGNANT

Paris LE FIGARO ECONOMIE in French 30 June 86 p 14

[Article by Jean de Belot: "Turkey: Thirteenth State of the EEC?"; first paragraph is LE FIGARO ECONOMIE introduction]

[Text] Ankara is preparing to knock at the door of the EEC. It is a sensitive candidacy for the Twelve. There are existing agreements, however.

This bridge is a symbol: in the very heart of Istanbul, it links the two banks of the Bosphorus, stretching from Europe to Asia. It epitomizes Turkey's geopolitical situation and its various attractions, which are contradictory sometimes from the point of view of Europe, sometimes from the point of view of the Arab world. But it is also symbolic of a Turkish reality of recent origin: the reality of economic liberalism, a prescription implemented 3 years ago by Prime Minister Turgut Ozal and his party, the Motherland Party. It is a liberalism whose practical limits are there, embodied in this superstructure of steel and concrete. Although the bridge has been officially privatized, the Bosphorus Bridge bonds that have been sold to the public merely allow the holder to share in the product of the tolls. It is a way to bring money into the government coffers (for this operation was a success) without really relinquishing ownership. One week after the operation, moreover, the tolls were increased threefold. To be sure, there are other, more obvious examples of this government's liberalism, namely the decontrol of prices and the freedom for foreign investment. This allows the administration to proclaim--loudly and strongly--a brand of "Reaganism" precisely at the moment Ankara is preparing to knock officially at the door of the EEC.

## Free Transit

Officially and resolutely. The long history of relations between Turkey and Europe has passed through important stages during the past 30 years. In 1949 the country became a member of the Council of Europe; 2 years later it entered NATO, of which it is a strategic component. Above all, Ankara has close economic ties with the EEC through the medium of agreements dating back to 1963 and renewed in 1977--agreements susceptible of being transformed into "pre-membership." The next "due date" is of significance: a 1976 agreement signed between Brussels and Ankara authorizes the free transit of Turkish workers throughout the EEC countries beginning next 1 December. It constitutes a veritable challenge to the efforts to control immigration that have been made in recent years, notably by Bonn.



For Ankara things are quite simple, however, and the alternative is only thinly veiled: either Brussels initiates negotiations for Turkish membership, or the 1976 agreement will indeed be "complied with."

The problem is more demographic in nature than it is economic or political. The rate of growth of the Turkish population is 25 percent, compared to 4 percent in France and 1 percent in the FRG. Sixty percent of all Turks are today under 20 years of age. From the current figure of 53 million, the Turkish population will increase to 100 million within 30 years. It is a statistic that moved an American magazine recently to title an article: "Is Europe Going To Be Turkish?"

#### Successes

Turkey, in 1986, projects an image that is a far cry from any of those generally prevailing in Europe. The shock occurs primarily between firmly held beliefs and the new economic practices, which amount to out-and-out economic liberalism. There are no longer any controls on exchange rates, prices, or trade, and this policy has produced results. The adjustment of the nation's accounts--carried out 3 years ago--received the approval of the experts of the OECD and IMF. Turkey is today able to manage its foreign debt, and is obtaining capital on the international markets. This economic liberalism is, however, accompanied by severe austerity. The 1986 budget (approximately 108 billion francs) is once again a "stabilization" budget (the opposition calls it a "stagnation" budget). The fact is that the cutback in social spending (health care, education, and so forth) goes hand in hand with an aggravation of the condition of the population: from \$1,200 the median annual per capita income has declined to \$1,000, and unemployment--difficult to measure--afflicts at least 30 percent of the labor force. The current policy does "pay," however. Exports--which represented 3 percent of the GNP in 1979--today account for 16 percent. "Opening up" the economy has forced Turkish industry to build up its muscles. It is a precarious gamble.

The shortcomings are--in fact--of various types. The fiscal system--which favors export enterprises--has led to a series of scandals involving false customs declarations. Above all, the industrial fabric of the nation has been slow to adapt. The strong suit of the Turkish labor force is its low cost (an SMIC [interoccupational minimum growth wage] of 400 francs) rather than its technical skill. The freedom that has been accorded investment in Turkey serves as an incentive for firms to have semifinished products made there--a circumstance that provides no guarantee of future development. Although the trade balance--traditionally adverse--is being rectified, Turkey remains in reality cut off. Investment is basically the function of the state, which still accounts for approximately 70 percent of the total effort. It is a threshold that seems almost impossible to lower. The determination to combat inflation (which declined from 130 percent 5 years ago to 45 percent in 1985, and is recording an annual rate of 38 percent in 1986) makes a policy of high interest rates (50 percent) unavoidable.

Another aspect is even more of a handicap: the fact that 60 percent of the population works in agriculture. Even though the plan for the development of southern Anatolia will make it possible to double domestic agricultural production, this handicap will continue for a long time to inhibit national development.

The economic stumbling block is not the only one. The economic liberalism proclaimed by Turgut Ozal is not sufficient to make Turkey a country capable of integration into the EEC. Democratic progress has unquestionably been made in Ankara, but there is still a long way to go. Even though the army--following the military coup of 1980--kept its commitment and turned power over to the civilians, some dossiers have been retained. The trade union federations--except for the official one--are still banned, both in the enterprises and in the universities. Three parties authorized by the military competed in the legislative elections of 1983. The Nationalist Democracy Party (center left), their favorite, was defeated by the Motherland Party. General Evren, the head of state, has loyally presided over this cohabitation. Six parties were authorized to take part in the municipal elections of 1984. All parties--with the exception of the Communist Party--will probably be authorized to participate in the legislative elections of 1988. The former party leaders will find that their respective bans will be lifted. However, the constitutional division of labor--with the head of state responsible for public order and defense and the prime minister for the economy and social welfare, and with the military still in place--makes entry into the EEC difficult. Although the press is today free, a number of trials are still dragging on.

The other uncertainties relate to the geographical situation of the country. As an outpost of Europe in Asia, can Turkey--90 percent of whose population is of the Islamic religion--really be integrated into Europe?

The Motherland Party exemplifies this ambivalence perfectly. A sort of "national union," it includes within its ranks some former members of parties of the far Right and far Left and even the former vice chairman of the Islamic Party. And although its leader has today turned toward Europe, he has done so only after casting amorous glances in the direction of the Arab world: it was to the capitals of that world that his first visits were made. The government does not conceal the fact that each year it sends a total of 2,000 religious teachers and instructors into the Turkish communities in Europe. Turkey--a secular state--has in its Constitution a number of precise references to Islam. And there are those who point out that it was only after the price collapse and the closing of certain Arab markets--and after he had advocated the idea of an "Islamic common market"--that Turgut Ozal turned toward Europe. "Turkey," he says, "could be Europe's window on the Islamic world."

This double-faced posture is, to be sure, necessary. Although the American banks are responsible for studying the privatization dossiers, their Islamic counterparts receive the right of installation. The fact is that Turkey has many agreements with Europe and is an essential component of NATO. Moreover--it is emphasized in Ankara--if the Twelve revise the free-transit agreement, it will be the first time they have gone back on their word in matters such as this.

10992

CSO: 3519/210

## POLL FINDS INCREASED SUPPORT FOR NATO MEMBERSHIP

## Opposition to 'Defensive Defense'

Copenhagen BERLINGSKE TIDENDE in Danish 29 Jun 86 pp 1, 4

[Article by Nils Eric Boesgaard]

[Text] A recent Gallup poll shows increased support for Denmark's NATO membership, while the number of opponents is declining. Among the possible reasons is mentioned the Social Democratic proposal of a 'defensive defense.'

The Danish population is increasingly supporting NATO. A total of 63 percent of the population support Danish membership in NATO. That is an increase of 2 percent since April of last year. A total of 16 percent of the population oppose the Danish NATO membership. That is a decline by 1 percent during the same period, according to a new Gallup poll that is published in today's Sunday edition of BERLINGSKE TIDENDE.

Periodic fluctuations in the support for NATO membership are nearly always associated with international political crises, such as the Hungary crisis in the fifties, the Vietnam War, the end of the brief blossoming of democracy in Czechoslovakia and the invasion of Afghanistan.

This time, the only explanation is the volte-face in the Social Democratic security policy and the proposal of the Social Democratic defense policy spokesman Knud Damgaard for a new defense agreement, which have re-echoed in wide circles.

Defense Minister Hans Engell today spoke against Knud Damgaard's ideas of a defensive (non-threatening) defense: "We shall make ourselves impossible in the eyes of our NATO partners and we shall get a 'parasitic defense' where we shall contribute nothing to the joint solidarity," Hans Engell said on the Social Democratic defense plans.

If one is to interpret the result of the Gallup poll, the only interpretation is that two-thirds of the Danish population agree with the position taken by the defense minister and thus dissociate themselves from that which the defense minister calls a 'parasitic defense.'

## NATO Majority Despite Security Policy Unrest

Practically no 'actual' opposition among the population to NATO membership.

Irrespective of disputes within NATO, there is an increased long-term as well as short-term trend among the Danish population to support the security policy based on our NATO membership.

At the same time, a detailed study of the position of the population on the membership of Denmark in NATO, a study based on the strength of the conviction on the part of the population to support or oppose NATO, shows that there is practically no 'wholehearted' opposition to Danish NATO membership.

This appears from the most recent poll carried through by the Gallup Institute on this issue. At regular intervals, the institute has since 1949 elucidated the position of the voters on our NATO membership by asking a representative section--comprising approximately 1,000 respondents--the following question:

"Do you support or oppose Denmark's participation in the Atlantic Treaty (NATO)?"

The last previous poll was carried through in April of 1985, and that poll was now repeated in January-February, at the same time as endeavors have been made to furthermore evaluate the strengths of the positions of the supporters as well as the opponents.

The poll showed that 63 percent of the population now supported NATO as against 61 percent in April of 1985, while 16 percent of the population now opposed NATO, as against 17 percent in April of 1985.

In order to provide a better idea of the trend, the numbers of supporters and opponents have been shown in the following graph.

Since the days of the Cold War in the early sixties, the long-term trend has been a clearly increased support for NATO, and this trend seems particularly clear following the abandonment by the United States of its struggle in Vietnam in the mid-seventies. And this trend seems to have continued in the most recent poll.

It is often informative in connection with opinion polls to seek to evaluate the strengths of the positions observed. It is of importance partly because people who support--or oppose--a cause wholeheartedly play a bigger role in the formation of opinions through activity and influence on others and partly because a voting situation gives an important idea of the outcome of such a vote in that strong involvement is strongly correlated with the probability of participation in the voting.

Therefore, everybody who had either answered in support of or in opposition to NATO was asked the following question:

"How much importance do you attach to Denmark's membership (non-membership) in the Atlantic Treaty (NATO), do you find it very important, rather important or less important?"

For supporters and opponents, respectively, the result was as follows"

	<u>Very</u> <u>Important</u> %	<u>Rather</u> <u>Important</u> %	<u>Less</u> <u>Important</u> %	<u>No Opinion</u> %	<u>Total</u> %
For NATO .....	68	27	3	2	100
Against NATO	19	26	41	14	100

Some would perhaps think that opponents would be stronger opponents than supporters would be strong supporters, but the reverse is actually the case.

Two-thirds of the supporters support NATO wholeheartedly while, conversely, only a relative minority of 19 percent among the opponents wholeheartedly oppose Denmark's membership in NATO.

If all Danish voters are now to be evaluated on the basis of the view whether they are 'actual' supporters or opponents of NATO, the percentages of those among the total body of voters who strongly support and strongly oppose Danish NATO membership may be calculated, and if these percentages are then divided among the three groups of voters, viz. the voters to the right and the left of the Social Democratic Party as well as Social Democratic voters, the following survey is obtained:

	<u>Strongly for</u> <u>NATO Membership</u>	<u>Strongly Against</u> <u>NATO Membership</u>
Total .....	43%	3%
To the right of the Social Democratic Party ... ..	64%	0%
Social Democratic Party .....	38%	2%
To the left of the Social Democratic Party .....	15%	11%.

It follows from the above that all of the Danish voters are "of the firm opinion" that Denmark must be a member of NATO, while practically nobody, only 3 percent, are "of the firm opinion" that Denmark must not be a member of NATO. And if these figures are compared relatively with the figures for those who are for or against NATO in the first question, it will be seen that the number of 'actual' supporters is relatively considerably larger compared to the number of 'actual' opponents than will appear when merely asking whether people are for or against NATO.

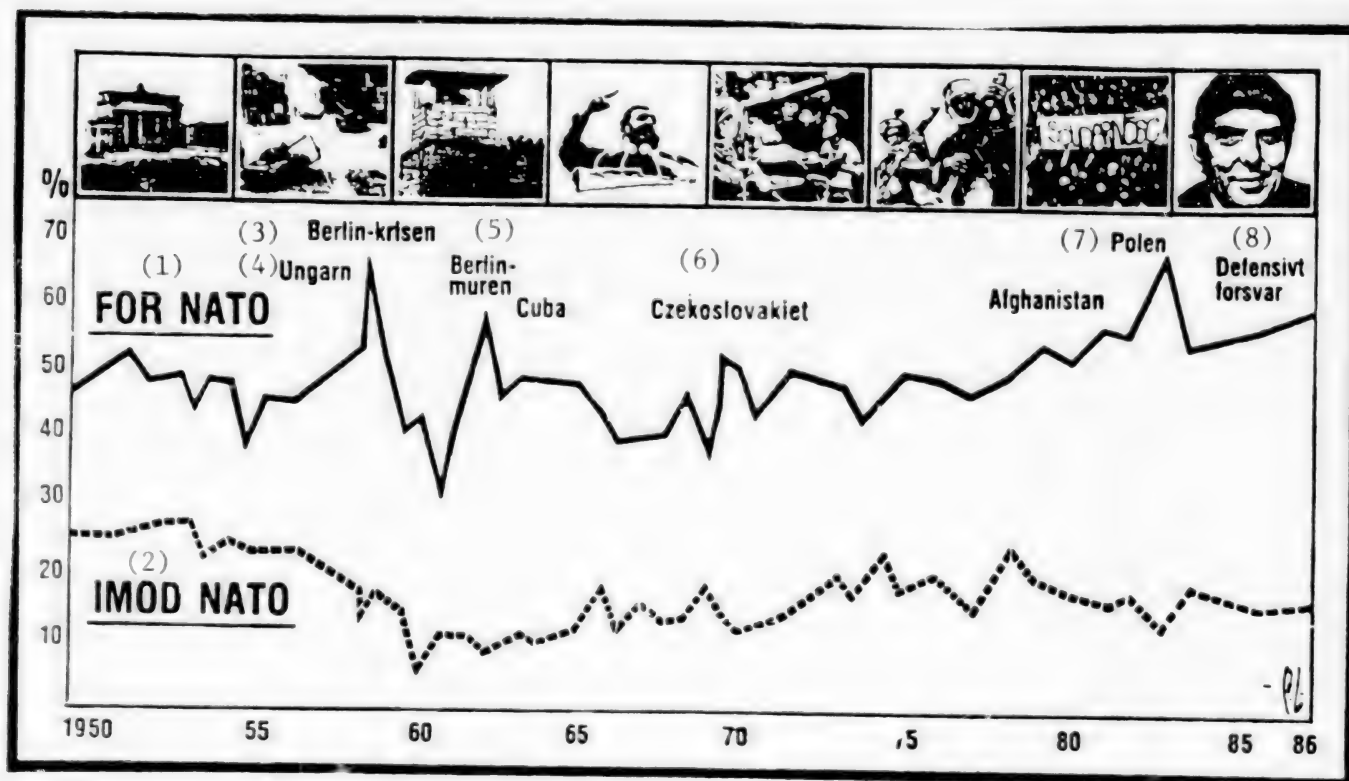
Among the voters to the right of the Social Democratic Party, there is no 'actual' opposition at all to NATO, while the 'actual' supporters constitute two-thirds (64 percent).

Among Social Democratic voters there are practically no 'actual' opponents either (2 percent) but 38 percent 'actual' supporters. And the fact that there are relatively more 'actual' supporters than opponents is perhaps the most surprising finding among the actual left-wing voters.

If one, finally, examines the answers to the first question and relates these figures to the idea which has been advanced, viz. the holding of a referendum on our NATO membership, there may be good reason to believe that the outcome of such a referendum will be even more clearly in favor of our membership than is indicated by the first-mentioned figures.

Reprinting subject to indication of BERLINGSKE TIDENDE and the Gallup Institute as sources.

Asger Schlutz.



Key:

- |                   |                       |
|-------------------|-----------------------|
| 1. For NATO.      | 5. Berlin Wall.       |
| 2. Against NATO.  | 6. Czechoslovakia.    |
| 3. Berlin crisis. | 7. Poland.            |
| 4. Hungary.       | 8. Defensive Defense. |



### Liberal Leader Interprets Poll

Copenhagen BERLINGSKE TIDENDE in Danish 30 Jun 86 p 5

[Article by Ole]

[Text] "The Danish population does not want Denmark to 'free wheel,' move toward neutrality or go its own way."

This is the way Ivar Hansen, group chairman of the Liberal Party, interprets the Gallup poll published yesterday in the Sunday edition of BERLINGSKE TIDENDE. The poll showed increasing support for Danish membership in the NATO alliance. A membership which is now supported by 63 percent of the Danes.

"It is an interesting development that the majority in favor of Danish NATO membership is growing. The Gallup poll clearly shows that the population flatly rejects any security policy experiments. The vacillating security policy course attempted by the Social Democratic Party is an attempt to please the Left wing--obviously in an attempt to draw votes from the Socialist People's Party. But the poll shows that the Social Democratic Party is out of step with the population--exactly the way we saw it earlier in the year in connection with the marketing policy, where they opposed the EC reform. It is to be hoped that the Social Democratic Party will abandon its security policy experiments, so that we shall be able to revert to a broad consensus in this area in the course of the fall," Ivar Hansen says.

7262

CSO: 3613/172

## TURKEY SEEN OVERTAKING GREECE WITHIN NATO

Athens I KATHIMERINI in Greek 8-9 Jun 86 pp 1, 3

[Article by Nikos Emm. Simos: "Turkey Now Aims at Military Superiority Through NATO"]

[Text] Turkey's military strengthening, coupled with the slower modernization pace of our Armed Forces, have resulted in "a climate of confidence" in Ankara allowing Turkey to intensify in the last few weeks its provocative stand against Greece. This is the assessment of diplomatic and military circles who attribute Ankara's stand and its threats against Greece to the rapid increase in Turkey's capabilities.

Moreover, these new Turkish capabilities facilitate the policy of tension and excessive demands. This policy is based on Ankara's philosophy that eventually Turkey will gain the most by starting with the highest possible levels of demands.

What causes particular concern--a concern Papandreou does not seem to share--is the fact that Ankara has utilized to the utmost the capabilities offered by its participation in NATO, for the strengthening of Turkey's military capabilities. On the contrary, Greece, because of the peculiarity of its relations with NATO is deprived of the experience provided by joint military exercises and participation in modern operational means.

On the other hand, Greece shoulders all the infrastructure costs for its Armed Forces. Under different conditions these costs would have been paid either by NATO or by the American side since the Greek government, like it or not, serves the American needs in our country, even in an invisible fashion.

It is mentioned that Turkey has succeeded in building, with American funds, all installations for the 160 F-16 aircraft to be received in 1987, at 13 Turkish airfields. Following NATO designs, these airfields will be capable of servicing F-16 aircraft squadrons coming in as "outside force additions."

The most important fact is that because of these facilities, the new Turkish aircraft will be immediately operational upon delivery.

## Utilization of the Exercises

At the same time, Turkey utilizes until today in the best possible way, allied war games as well as the special means made available by NATO, such as the electronic interference aircraft, for the realistic training of crews in aerial combat. The most important advantage for the Turkish side is the experience acquired by its forces in a realistic operational environment in the Aegean.

Moreover, Turkey utilizes the NATO research center as well as any other NATO agency for the study, financing, and development of systems; the acquisition of means and construction of facilities. In the context of this policy, Ankara also succeeded either in fully replacing or in fully modernizing with NATO funds five radar stations focused on the West. In its share of joint infrastructure projects for 1990, Turkey will receive funds for the construction of two fuel pipelines to supply military units and airfields.

Under a contract signed in 1983, Turkey has already received 12 of 36 Rapier anti-aircraft systems for the effective main defense of airfields. The American Pentagon has promised Turkey delivery of a large number of Roland anti-aircraft systems at nominal prices, through MAP--the program of free military aid.

## Greek Delay

In contrast to this Turkish activity, the Greek side has to show only "the freezing" of a number of programs. As an illustration, we mention that the government has not yet assessed the bids (even though they were submitted in February 1984) by construction firms for the modernization of communications in the Aegean, that it has not acquired the Hawk aircraft for early warning and certain missile systems as well in the establishment of the Administrative System for Information Control which connects with electronic computers all the operational centers of the headquarters and units.

On the other hand, Turkey has succeeded in assuming responsibility for NATO's research center, the study for the construction of the system, etc., and also assumed its financing and that of the armed forces.

But beyond Ankara's intention to achieve numerical and qualitative superiority, which recently has been accompanied with formal warnings about overwhelming population superiority, modernization of the Turkish Armed Forces and their training within the NATO channels as well as their participation in the formation of the Atlantic Alliance planning, tend to strengthen the following notion: The Turkish role in the area is greater and more effective than the Greek. Until now Greece could justifiably claim it could offset Turkish numerical superiority with its qualitative leadership. Certainly the government would be the last one to be accountable for any upsetting of this balance at the expense of the country.

7520

CSO: 3521/166

## AIR FORCE OFFICER'S REPORT ON PARTICIPATION IN NATO PLANNING

Athens I KATHIMERINI in Greek 20 Jun 86

[Article by N. Gerakaris: "Greek Brig. General's Report on Our Relations With NATO Termed a 'Bomb'"]

[Excerpt] A senior Greek officer, Air Force Brig. General Pan. Klironomos, who serves with NATO (assigned by the government to the Naples headquarters) has submitted to the appropriate ministries, according to sources considered to be reliable, a "report/bomb" as termed by military observers.

According to the same sources, the author of the report notes with particular concern

--the non-participation of our country in the planning and implementation of NATO war games;

--the negative impression caused in NATO circles by the hiding of flights near the Greek borders--therefore NATO borders--by Warsaw Pact members' aircraft;

--the delaying tactics of the Greek government in implementing infrastructure projects of our Armed Forces through the NATO Infrastructures Program, etc.

Recently, deputies of the ND party submitted to the Chamber of Deputies an interpolation in which they stated that our country does not supply NATO all the data about activities of aircraft from Warsaw Pact countries. More specifically, it said our country never gave data concerning violations of our airspace--over an extended period of time, comparatively speaking--by two Soviet Tupolev 16 aircraft which were intercepted by F-4s.

The fact of interception in conjunction with the airport from which they took off remained unexploited, while we could have used it in many ways to promote our "national issue," as pointed out in the interpolation.

Mr Kharalambopoulos

Replying to a question relating to the above [Defense Minister]  
Kharalambopoulos said: "I am not familiar with this report. Even if we were to accept it, it does not follow that this will affect the government's political decisions.

"Violations of our national airspace by Soviet aircraft are very rare and can be counted on the fingers of one hand. In every case we inform NATO. If the Turks supply false data to appear like 'good boys' saying we do not report [violations], this I do not know. But what I want to say emphatically is that all aircraft, of whatever nationality, are identified and intercepted."

7520

CSO: 3521/177

## DEFENSE MINISTER ON WEAPONS SYSTEMS CO-PRODUCTION

Athens TA NEA in Greek 12 Jun 86 p 3

[Article by Loukas Dimakas: "We Shall Product Tanks, Too"]

[Text] Within the next 2 months important decisions--something akin to another "purchase of the century"--will be reached regarding the armaments of the land and naval forces.

According to Vice-Premier and Minister of National Defense Giannis Kharalambopoulos, early in July the authorities will complete evaluation of bids for the joint production of tanks in Greece. Also in July the authorities will complete the technico-economic evaluation of bids by four foreign firms for the joint production of four frigates.

Within 2 months the authorities will complete its evaluation for the joint production of armored personnel carriers (TOMP). Regarding these carriers and their possible construction by Stayr-Ellas--which had proposed [the Leonidas 2 tank]--Kharalambopoulos said that "the assessment of alternate types of vehicles continues and Stayr will get the order."

## The Visit

Kharalambopoulos announced yesterday the time limits for the purchase of these weapons systems as he referred to the visit of British Minister of Defense J. Yianger and the interest he expressed in these specific weapons programs. "Mr Yianger," said Kharalambopoulos, "expressed interest in the progress of these programs since his country has submitted bids for joint production in all three programs."

Kharalambopoulos said that the evaluation refers to the offset benefits--cost and the technico-economic characteristics. He pointed out, however, that the final decision will be political.

Various other countries (West Germany, Brazil, the USA, France, Italy, etc.) have expressed an interest in these programs and have submitted attractive offers such as co-production with Greece, investments, procurement of military materiel, financing with state guarantees; while, according to reports, there is an offer for covering part of the cost in the context of German aid as well as production in Greece for the export to third countries!



An indication of the interest shown by foreigners in these procurements is the fact that construction of the four frigates will cost 600 million dollars!

Asked if the defense ministers from other countries who have expressed interest in these procurements have asked to come to Athens to present the advantages of their weapons systems, Kharalambopoulos replied: "Have no doubt that they will come. They will come on their own initiative..."

#### Cooperation

The main purpose of Yianger's visit was to implement the 1983 "memoir of understanding" which provides for closer cooperation in the research and development of weapons production, maintenance and repair of weapons systems, training of personnel in defense armaments, and cooperation between the two countries' weapons industry.

"In addition," Kharalambopoulos said, "I had the opportunity to inform [the British official] on our national issues and on the status of the Cypriot problem. I showed him Turkish documents which testify to our charges about the threat from the East."

The British defense minister invited his counterpart to visit Britain. Kharalambopoulos accepted the invitation and the date will be set later.

7520

CSO: 3521/178

MILITARY

GREECE

BRIEFS

STAYR TO PRODUCE TANKS--The National Defense minister disclosed yesterday that [the authorities] are still evaluating the various types of tanks, but that the process will be completed by the end of June when the order will be given to Stayr. [Text] [Athens I VRADYNI in Greek 12 Jun 86 p 18] 7520

CSO: 3521/178

## PRIME MINISTER ANNOUNCED SUPPLEMENTARY GRANTS TO ARMED FORCES

Lisbon DIARIO DE NOTICIAS in Portuguese 7 Jun 86 p 3

[Excerpt] In the course of a working visit to the Santa Margarida Military Camp yesterday, the prime minister announced that a supplementary budget proposal presented to the Assembly of the Republic with a request for urgent action involves an appropriation of 7 million contos, 4 million of which for the Armed Forces and militarized forces.

Cavaco Silva declared that that appropriation was intended to offset the budget difficulties of the military resulting from the fuel tax "approved in the Assembly of the Republic." According to the prime minister, the consequent increase might have resulted in the Armed Forces being left without fuel funds before the end of the year.

The 4 million are also earmarked for the PJ, PSP, GNR, Customs Guards, and fire companies. The remaining 3 million will go to Social Security (Pension Fund).

During his visit to Santa Margarida, Cavaco Silva stressed that the first priority of his government is to concentrate its efforts in the economic and social areas, and that investment in the Armed Forces will have to wait. According to the prime minister, "national cohesion, internal security, and defense will be unstable as long as the economic and social situation is not corrected" and we must know how to manage the meager resources derived from internal sources and from foreign aid "carefully" and "with firm judgment," Cavaco Silva regarded as "a calculated risk" the fact that the needs of the Armed Forces were being only partially met, adding that at the moment that risk is "low" and will be overcome "as conditions are created for a broader application of public funds in the military area."

In the course of his working visit to Santa Margarida, at a briefing with the military commands--the chief and deputy chief of the Army General Staff were present--beyond information about the activities of the Joint Brigade, Cavaco Silva presumably heard direct or indirect "complaints" about the Armed Forces' budget cuts and explained them verbally before making his public statement on the subject.

#### Military Service: Slight Reduction

It should be noted that in his speech, the prime minister did not refer only to the difficulties in meeting the reequipping needs of the Armed Forces. As a matter of fact (in another quite sensitive area), he stressed that the reduction of service time proposed in the bill that the Assembly of the Republic will discuss soon will be only "slight."

Cavaco Silva recognized that modern equipment requires more training, however, he maintained that there were other solutions. On the one hand, he cited "the possibility of selecting the duties that require the service of semiprofessionals," and, on the other, pointed out "the higher level of skills with which the youths have been entering the ranks" which, he emphasized, makes "the reduction of service time certainly feasible."

8711/12951

CSO: 3542/116

MILITARY

PORTUGAL

CUTS AFFECT A-7 CORSAIR TRAINING

Lisbon O JORNAL in Portuguese 6-12 Jun 86 p 19

[Excerpt] Government budget cuts have forced the Portuguese Air Force (FAP) to reduce the number of flying hours per pilot to levels that are now below the minimum recommended by NATO. FAP sources consider this fact related to the Monte Real air tragedy which resulted in two deaths. In fact, the surviving pilot, who has already admitted his share of responsibility for the accident, had little flight experience in an A-7P Corsair.

The Air Force budget cut has aroused discontent among the pilots. At the Air Force General Staff and in the Montijo and Monte Real air bases talk at the bar and in the corridors invariably centers on this subject. Since the most recent accident with the Corsair, the fact is constantly raised and related to the nature of the tragedy and the level of experience of the pilots involved.

8711/12951

CSO: 3542/116

## SIPRI ISSUES STUDY ON THIRD WORLD ARMS PRODUCTION

Stockholm DAGENS NYHETER in Swedish 19 Jul 86 p 6

[Article by Claes J.B. Lofgren: "SIPRI Report On Third World. Arms Production Increasing Rapidly"]

[Text] Halfway between Sao Paolo and Rio de Janeiro lies Brasil's equivalent to Bofors--Sao Jose de Campos. For the last two decades a new thing has been happening in arms production: third world countries are becoming producers and exporters of everything from small arms to fighter planes.

From the standpoint of value, the arms production in the Third World has increased 500 times from 1959 to 1984, based on 1975 prices. This is shown in a recently published book "Arms Production in the Third World," written by two researchers at SIPRI, Thomas Ohlson and Michael Bzorka.

The reason for this trend is that deliveries from the arms producers in the rich world are considered unpredictable and unreliable. The arms production in the third world countries is, therefore, primarily politically motivated: the goal is to become completely independent and preferably self-sufficient.

In a few cases, however, the arms production is totally disengaged from political ambitions and state control. For example, the establishment of various multi-national companies in the Far East, the American Tacoma in South Korea, the West German Lurssen in Malaysia and the British Vosper Thornycroft in Singapore.

In all, the Third World arms producers employ about one million people. During the first five years of the 1980's, the value of the production was about 40 billion kronor, based on 1975 prices.

In connection with arms, even Israel and South Africa are considered third world countries. Together with India, they are responsible for half of the total arms production of the Third World. Brasil is the largest exporter.

India, which has fought four wars since its independence in 1948, is investing four percent of its GNP in defense. The ambition to become independent of the rest of the world has not succeeded.



Expensive aircraft projects have not resulted in effective units. The arms factories are, with a few exceptions, owned by the state. The export is very small. The value of the production in 1983-1984 was about 15 billion kronor.

#### Israel Largest

Israel is the giant among the arms producers in the Third World. Israel today is investing as much as 30 percent of its national budget in defense. The country has a very high degree of self-sufficiency. As much as 96 percent of the arms produced in Israel are of local design. Israel's export amounts to between five and seven billion kronor annually.

The buyers are found primarily in Central and Latin America. But Israel also exports both goods and services to the industrial world. As an example, American helicopters are serviced in Europe. Another profitable export article is confiscated PLO-materiel from the 1982 war in Lebanon. PLO-materiel in the amount of 1.4 billion kronor was confiscated at that time.

#### Popular Arms

Israeli arms are popular. They have been battle-tested, have an advanced technology and are relatively inexpensive. The main part of the Israeli arms industry today is owned either by the state or by unions. One large arms producer is Israel's Federation of Trade Unions--Histadut.

However, there is a large element of co-ownership with foreign interests. The tendency is to divide and diversify the arms production among many and strongly specialized sub-contractors.

The arms industry is the largest industry in Israel and it employs 60,000 people--20 percent of the country's industrial workers. Today, Israel manufactures everything needed for conventional warfare: fighter planes (Nesher, Kfir and Arava), tanks (Merkava), advanced missiles (Gabriel and Shafrir) and artillery as well as warships (in patrol boats).

#### Exports

Brasil exports fighter planes, small arms and relatively advanced missiles. Buyers are Arab countries like Libya, Saudi Arabia and Iraq. In 1982, Brasil won an order for trainers from the British Air Force--in stiff competition with British companies, among others. The plane is called EMB-312 Tucano.

100,000 people are working in the more than 350 arms factories in Brasil. Brasil exports 80 percent of its production--in value between six and seven billion kronor annually. The Brazilian aircraft industry, Embraer, exported more than three billion kronor distributed among 190 aircraft in 1983. The share of private ownership in Embraer is about 90 percent.

Otherwise, state ownership is the significant factor in the arms production of the Third World. In contrast to privately owned production, multi-national companies are very seldom involved.

## Research Expensive

With the exception of Israel, the ambition to become self-sufficient has failed. Successful research and development (R&D) in arms requires a broad privately owned industrial base--something which is lacking in most Third World countries.

But R&D is also expensive. Only the Soviet Union and the United States consider themselves able to afford both R&D and production, which makes them self-sufficient. And the dependence on competence and advanced components increases with the degree of sophistication of the weapons.

The arms producing regimes and factories in the Third World are therefore faced with a dilemma: they are not capable of producing the arms that they need. And there is seldom a market for the arms they are able to produce.

Therefore, technology transfer from the industrial part of the world is still the deciding factor in the arms production of the Third World. Manufacturing under license is still the most important form. South Africa has, in part successfully, applied two other common strategies--supplementation and development strategies.

## Small Part

Many countries have made advances in the production of small arms and ammunition. Iran's ability to endure, in the war with Iraq, would have been considerably less without the arms industry that was established during the time of the Shah.

In spite of the considerable increase in arms production in the Third World, it still represents only between 1.5 and 2 percent of the value of the total arms production in the world. Consequently, Ohlson/Bzorka predict that the Third World will continue to be dependent on the willingness of the industrialized countries to deliver materiel and competence.

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## BRIEFS

NATIONAL ENERGY POLICY AGREEMENT--Danish electric power plants will join forces with local authorities in setting up small combined power and district heating plants that can be based on natural gas, trash, straw and other types of domestic fuel. This is one of the results of an agreement the government has just reached with the Social Democrats on future electricity production. According to Energy Minister Svend Erik Hovmand (Liberal) the electric plants have taken a positive view of the agreement. "The agreement ensures broad political agreement and stability behind the expansion of electricity production that is needed so that we will have adequate supplies of electricity in the 1990's," the minister said. Under the agreement the future expansion will consist partly of small combined power and heating plants and partly of big new power plants, which should create a better environment and save foreign currency reserves. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 27 Jun 86 p 7] 6578

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